

## 2013 FINANCIAL REPORT

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**<sup>3</sup>

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

#### **Lise Aubin**<sup>2,3</sup>

Vice-President, Operations and Administration  
Board of Trade of Metropolitan Montreal

#### **Benoit Bessette**<sup>1,3</sup>

Vice-President, Marketing  
Camoplast Solideal

#### **Claude Carette**<sup>1,3</sup>

Director, Transportation Department  
City of Montreal

#### **Marie-Claude Gévry**<sup>2,3</sup>

Partner – Strategic Counsel Group  
Raymond Chabot Grant Thornton

#### **M<sup>e</sup> André Goyer**<sup>1,3</sup>

Executive Vice-President and Chief Legal Officer  
ACCEO Solutions Inc.

#### **Robert Lamontagne**<sup>2,3</sup> (until May 2013)

City Manager  
City of Montreal

#### **Raoul Cyr**<sup>2,3</sup> (as of May 29, 2013)

Director – Accounting and Financial Control  
City of Montreal

#### **Pierre LeBlanc**<sup>1,3</sup>

Director and head volunteer  
Fondation du maire : Le Montréal inc. de demain

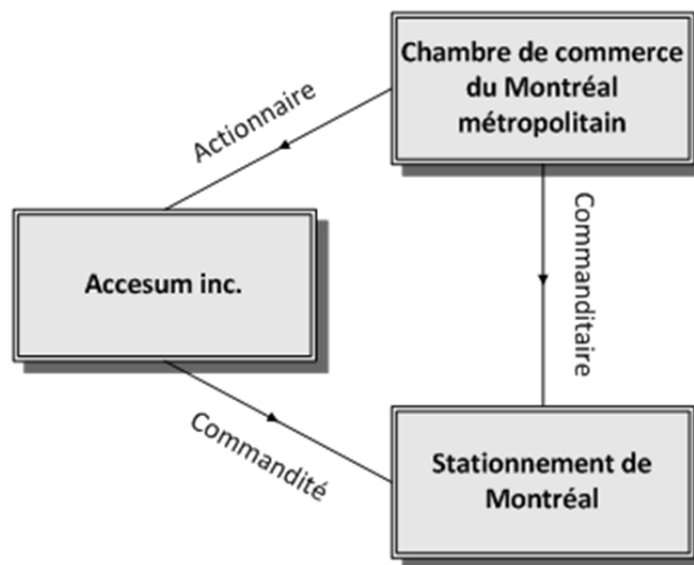
1. Governance and Human Resources Committee
2. Finance and Audit Committee
3. Strategy Committee (ad hoc)

## Our mission

Société en commandite Stationnement de Montréal (the “Société”) was originally founded to ensure optimal management of municipal paid on-street and off-street parking. On January 1, 1995, the Société signed an agreement with the City of Montréal to use public domain pertaining to paid parking. Its renown quickly grew through its innovation, advantageous use of cutting-edge technologies and harmonious integration of its installations into the urban landscape.

## Do you know Accesum Inc.?

Stationnement de Montréal is a limited partnership created by the Board of Trade of Metropolitan Montreal. Accesum Inc., its general partner, acts on behalf of the Société. The Board of Trade of Metropolitan Montreal acts as Stationnement de Montréal’s sponsor and Accesum Inc.’s sole shareholder.



## 2013 Highlights

**\$61.5 M** in on-street parking income, representing a **9.6%** increase over last year.

The P\$ Mobile Service app accounted for **15.1%** of all payment transactions during the year. At the pay station level, **43.8%** of payments were made by credit card and **41.1%** with cash.

**25,514,000** on-street and off-street parking transactions made during the year.

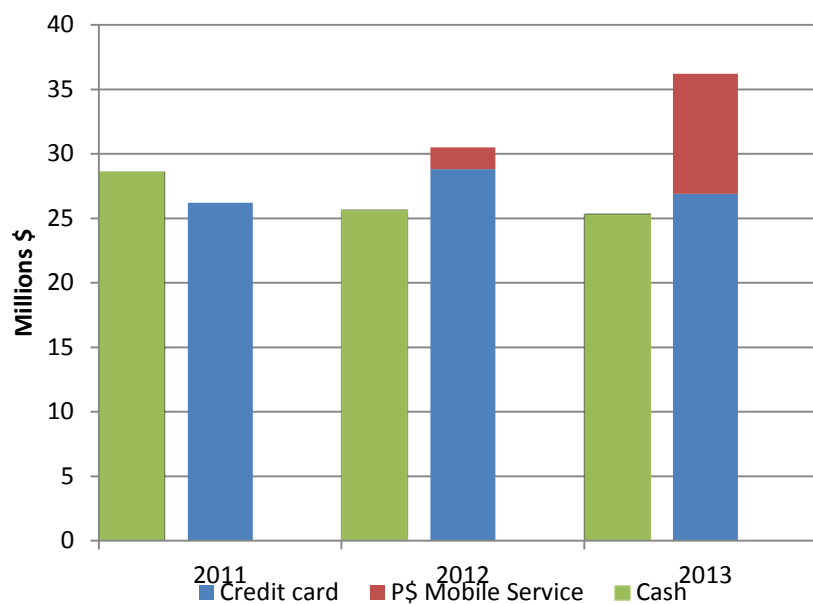
**282,000** users registered to the P\$ Mobile Service app.

**18,407** paid on-street parking spaces.

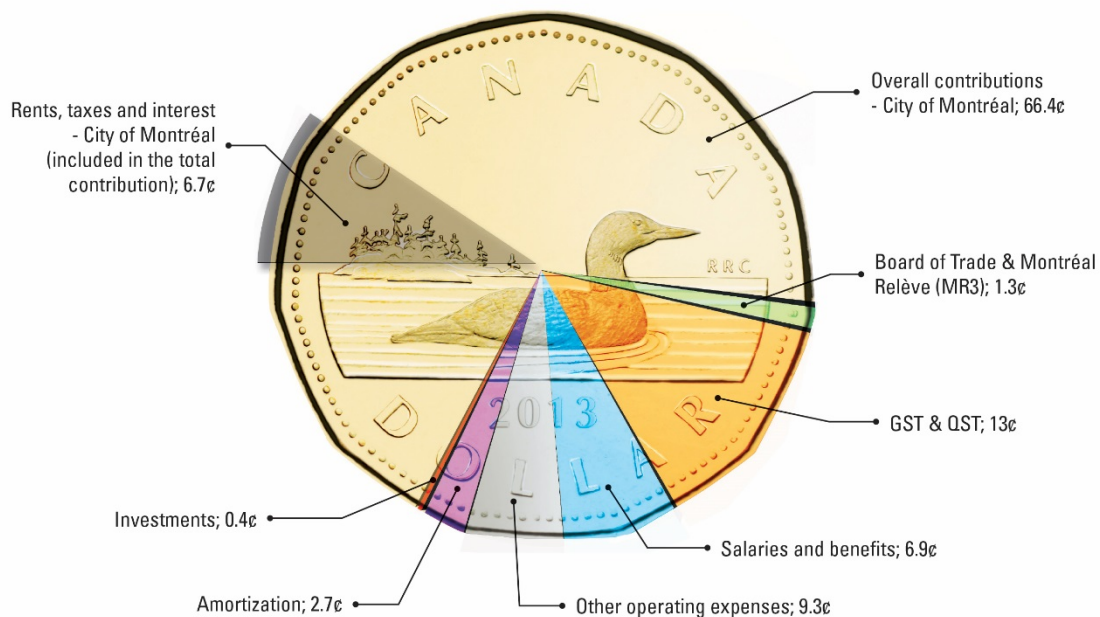
**28,460** parking permits issued for **35** parking lots comprised of a total of **3,329** spaces.

**1,544** on-street and off-street pay stations.

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



**2013 breakdown of each dollar spent on parking facilities**



## **A WORD FROM MANAGEMENT**

We are thrilled to present the achievements and outlooks of Société en commandite Stationnement de Montréal's (the "Société"). We were able to carry out the projects we were committed to and pursue our efforts to achieve our 2012-2015 strategic plan. We have maintained our priority in ensuring good governance as part of the Société's mission, which consists in ensuring optimal management of municipal paid on-street and off-street parking.

### **Creating value**

We undertook an in-depth analysis of cash transportation procedures to increase the security of the Société's assets. Our highest priority remains reinforcing security measures, which already feature regular control measures. Indeed, consistently strengthening our processes is of paramount importance.

Ever seeking to remain on the cutting edge of best practices, we intensified our relationships with industry stakeholders. Our attendance at major conventions, such as those hosted by the International Parking Institute and the Canadian Parking Association, fostered productive exchanges with suppliers, as well as representatives from several North American cities.

Moreover, we reaffirmed our commitment to the City of Montréal to actively participate in the Montréal Community Sustainable Development Plan. To this end, a sustainable development committee was formed and identified 12 objectives to which it will contribute by the end of 2015.

### **Innovating in the parking sector**

Following a motion by the City, passed on March 19, 2013, to study the possibility to roll out a pilot project to implement demand-driven parking fees in Montreal, we were commissioned to produce a study report, which we will submit to City Council in 2014.

In collaboration with the Université de Montréal's Urban Planning Department, we conducted a study of paid public parking in 15 North American cities, in order to identify the best parking management practices.

We continued to develop several technological projects. Indeed, our work on real-time management of parking availability led us to install vehicle detection devices in a high-traffic downtown area. The results of this pilot project will enable us to assess this technology and obtain precise, real-time data on on-street parking usage.

Our vision of underground parking in Montreal's downtown area led us to search for opportunities to improve the parking offer. Our analysis of strategic sites showed the potential of specific areas to increase parking availability in high-traffic sectors.

## **Enhancing the client experience**

### *The P\$ Mobile Service app*

Since its launch in June 2012, the *P\$ Mobile Service* app's popularity has grown exponentially. Indeed, 177,000 new subscriptions generating nearly 3 million transactions were recorded in 2013. Moreover, 25% of all on-street parking fees were paid through this new method at the end of the year. Consequently, the use of cash as payment has since decreased from 52% to 42% of total revenues. We also observed a lower rate of non-payment of parking fees, which yielded over \$1.5 M in additional revenue for the City's coffers.

A recent survey on customer satisfaction revealed that 83% of users are satisfied or very satisfied with the app and would recommend it to a friend. This survey also enabled us to propose new functions that would make the app more user-friendly and effective.

### **Partnership with Société de transport de Montréal ("STM")**

Since September, users can pay for their fare on STM'S 747 shuttle from downtown to the Montréal-Trudeau Airport with a ticket sold at one of the Société's parking terminals near 9 of the route's 12 stops along René-Lévesque Boulevard.

### **Borough tour**

Our tour of the boroughs enabled us to identify common issues, for which we developed action plans. Among these is our partnership with the Plateau-Mont-Royal borough, through which we deployed the Parcojour service in Pay-and-Go format, thereby creating 88 new parking spaces, payable in hourly or daily rates, to meet the needs of the area's residents and neighbouring workers.

## **An exceptional performance**

We would like to share some highlights regarding our 2013 financial results.

The Société contributed a total of \$50.5 million to the City of Montréal in the form of taxes, rents, permits, debenture interest, compensation and royalties, representing a \$6.1 million (14%) increase over 2012.

Moreover, we are thrilled to confirm that the \$20 million debenture payable to the City of Montreal over 10 years has been repaid in full as planned in early 2014.

Since its creation in 1995, Stationnement de Montréal has contributed a cumulative total of \$536.7 million, including the initial payment of \$56.8 million and debenture repayment.

In accordance with the concession agreement granted to it in 1995, the Société has once again remitted an amount of \$400,000, as agreed, to the Board of Trade of Metropolitan Montreal.

Furthermore, the Société's commitment to the cause of staying in school has always been a key part of its social involvement. As part of this commitment, the Société has also paid a yearly contribution of \$600,000 to Montréal Relève 3.

We are proud of everything we've achieved in 2013. We would like to tip our hat to the members of the Board of Directors for their commitment and collaboration. Once again, we were able to ensure the sound governance of the Société. We would also like to thank the management team for their work in managing current affairs and driving various development projects. They showed commitment and passion for both the Société and the City of Montréal.

On behalf of the Société's administrators and management team, we would like to confirm how thrilled we are to be able to count on such seasoned and driven employees committed to contributing to the success of the company and the fulfillment of its mission. Truly, we look forward with confidence to the upcoming years. We have several projects on the horizon, and we will be sure to carry them out with energy and conviction



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Rémi Racine  
Chairman of the Board of Directors  
Accesum Inc.



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Charles Auger, FCPA, FCMA  
General Manager  
Stationnement de Montréal

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# Financial statements of **Accesum Inc.**

December 31, 2013

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## Independent auditor's report

To the Directors of  
Accesum Inc.

We have audited the accompanying financial statements of Accesum Inc., which comprise the statement of financial position as at December 31, 2013 and the statements of changes in net debt, operations 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Accesum Inc. as at December 31, 2013, and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Debitte LLP<sup>1</sup>

March 25, 2014

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

**Accesum Inc.****Statement of financial position**

As at December 31, 2013

	Notes	<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
Cash		<b>7,153</b>	57,121
Due from Société en commandite Stationnement de Montréal		<b>23,180</b>	—
Accounts receivable		—	2,966
Investment	3	<b>1</b>	1
		<b>30,334</b>	60,088
<b>Liabilities</b>			
Accounts payable and accrued liabilities		<b>39,823</b>	36,826
Due to Board of Trade of Metropolitan Montreal		<b>100</b>	100
Due to Société en commandite Stationnement de Montréal		—	33,029
		<b>39,923</b>	69,955
<b>Net debt</b>		<b>(9,589)</b>	(9,867)
<b>Non-financial assets</b>			
Prepaid expenses		<b>9,589</b>	9,867
<b>Accumulated excess</b>		<b>—</b>	—

The accompanying notes are an integral part of these 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, 2013

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	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Excess for the year	—	—
Change in prepaid expenses	<b>(278)</b>	9,867
Change in net debt during the year	<b>(278)</b>	9,867
Net debt, beginning of year	<b>9,867</b>	—
Net debt, end of year	<b>9,589</b>	9,867

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

**Accesum Inc.****Statement of operations**

Year ended December 31, 2013

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Indemnity from Société en commandite		
Stationnement de Montréal	<b>127,913</b>	<b>128,727</b>
<b>Expenses</b>		
Administrative services	<b>110,320</b>	<b>114,740</b>
Insurance	<b>10,284</b>	<b>10,225</b>
Other	<b>7,309</b>	<b>3,762</b>
	<b>127,913</b>	<b>128,727</b>
<b>Excess for the year</b>	<b>—</b>	<b>—</b>
<b>Accumulated excess, beginning and end of year</b>	<b>—</b>	<b>—</b>

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

**Accesum Inc.****Statement of cash flows**

Year ended December 31, 2013

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Excess for the year	—	—
Changes in non-cash working capital items		
Due from Société en commandite Stationnement de Montréal	<b>(23,180)</b>	16,735
Accounts receivable	<b>2,966</b>	(2,533)
Prepaid expenses	<b>278</b>	(9,867)
Accounts payable and accrued liabilities	<b>2,997</b>	2,383
Due to Société en commandite Stationnement de Montréal	<b>(33,029)</b>	33,029
Net (decrease) increase in cash	<b>(49,968)</b>	39,747
Cash, beginning of year	<b>57,121</b>	17,374
<b>Cash, end of year</b>	<b>7,153</b>	57,121

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

## Accesum Inc.

### Notes to the financial statements

December 31, 2013

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#### 1. Description of the business

Accesum Inc. (the "Company"), incorporated on June 30, 1993, under the *Business Corporations Act* (Quebec), 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 comprise compensation 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 deferred charges 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 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. Key components of the financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables. Actual results could differ from these estimates.

#### 3. Investment

Investment in Société en commandite Stationnement de Montréal (one unit at \$1)

2013	2012
\$	\$
1	1



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Financial statements of  
**Société en commandite**  
**Stationnement de Montréal**

December 31, 2013

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## INDEPENDENT AUDITOR'S REPORT

To the Limited Partners of  
Société en commandite Stationnement de Montréal

I have audited the accompanying financial statements of Société en commandite Stationnement de Montréal, which comprise the statement of financial position as at December 31, 2013, and the statements of operations, change in net debt 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 public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of Société en commandite Stationnement de Montréal as at December 31, 2013 and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Emphasis of Matter*

Without modifying my opinion, I draw attention that Société en commandite Stationnement de Montréal includes in its financial statements certain financial informations which are not required under Canadian public sector accounting standards. These informations presented at Note 7 concern allocation and breakdown of accumulated surplus.

Auditor General of the Ville de Montréal,



Jacques Bergeron, CPA auditor, CA

Montréal, March 25, 2014

**Société en commandite Stationnement de Montréal****Statement of financial position**

As at December 31, 2013

	Notes	2013 \$	2012 \$
<b>Financial assets</b>			
Cash		35,547,078	27,785,237
Advances to Accesum Inc.		—	33,030
Accounts receivable	3	117,667	145,811
		<u>35,664,745</u>	<u>27,964,078</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities		3,076,814	2,016,509
Due to Economic Development Fund		300,000	300,000
Due to Ville de Montréal		47,993,062	42,159,374
Due to Accesum Inc.		23,181	1
Due to Board of Trade of Metropolitan Montreal		500,000	500,000
Long-term debt	5	16,666,667	20,000,000
		<u>68,559,724</u>	<u>64,975,884</u>
<b>Net debt</b>		<u>32,894,979</u>	<u>37,011,806</u>
<b>Non-financial assets</b>			
Property and equipment	6	12,547,637	14,788,931
Deferred charges		22,000,000	24,000,000
Prepaid expenses		130,291	133,950
		<u>34,677,928</u>	<u>38,922,881</u>
<b>Accumulated surplus</b>	7	<u>1,782,949</u>	<u>1,911,075</u>
Commitments	10		

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

Approved by the general partner, Accesum Inc.,  
on behalf of Société en commandite Stationnement de Montréal

 , Chairperson

 , Director

**Société en commandite Stationnement de Montréal****Statement of changes in net debt**

Year ended December 31, 2013

	<b>Budget 2013</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Annual deficit</b>	<b>(83,000)</b>	<b>(128,126)</b>	<b>(59,868)</b>
Change in property and equipment			
Acquisitions	<b>(1,247,000)</b>	<b>(310,562)</b>	<b>(397,077)</b>
Amortization	<b>2,729,000</b>	<b>2,551,856</b>	<b>2,589,012</b>
	<b>1,399,000</b>	<b>2,113,168</b>	<b>2,132,067</b>
Amortization of deferred charges	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>
Change in prepaid expenses	<b>—</b>	<b>3,659</b>	<b>23,415</b>
Change in net debt for the year	<b>3,399,000</b>	<b>4,116,827</b>	<b>4,155,482</b>
Net debt, beginning of year	<b>(37,538,061)</b>	<b>(37,011,806)</b>	<b>(41,167,288)</b>
<b>Net debt, end of year</b>	<b>(34,139,061)</b>	<b>(32,894,979)</b>	<b>(37,011,806)</b>

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

# Société en commandite Stationnement de Montréal

## Statement of operations

Year ended December 31, 2013

	Budget 2013	2013	2012
	\$	\$	\$
<b>Revenue</b>			
Paid on-street parking	55,956,635	61,540,839	56,118,935
Parking lots	3,994,294	4,527,358	4,156,374
Other operating revenues	1,821,517	2,322,265	1,301,254
Interest revenue	170,000	242,598	195,433
	<b>61,942,446</b>	<b>68,633,060</b>	<b>61,771,996</b>
<b>Expenses</b>			
Paid on-street parking	14,079,510	14,032,955	13,505,855
Parking lots	5,068,279	4,999,105	4,809,662
Other operating expenses	512,984	506,449	310,534
Interest on long-term debt	577,222	538,339	760,906
Other interest and financial expenses	3,000	6,826	1,822
Fee for claim's resolution	—	100,000	—
	<b>20,240,995</b>	<b>20,183,674</b>	<b>19,388,779</b>
<b>Earnings before compensation, royalties and amortization of property and equipment purchased from reserve fund</b>	<b>41,701,451</b>	<b>48,449,386</b>	<b>42,383,217</b>
Compensation for contribution from Board of Trade of Metropolitan Montreal	(400,000)	(400,000)	(400,000)
Compensation and royalties - Ville de Montréal	(40,401,451)	(47,149,386)	(41,083,217)
Royalties - Economic Development Fund	(600,000)	(600,000)	(600,000)
	<b>(41,401,451)</b>	<b>(48,149,386)</b>	<b>(42,083,217)</b>
<b>Earnings before amortization of property and equipment purchased from reserve fund</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
Amortization of property and equipment purchased from reserved fund	(383,000)	(428,126)	(359,868)
<b>Annual deficit</b>	<b>(83,000)</b>	<b>(128,126)</b>	<b>(59,868)</b>
Accumulated surplus, beginning of year	1,911,075	1,911,075	1,970,943
<b>Accumulated surplus, end of year</b>	<b>1,828,075</b>	<b>1,782,949</b>	<b>1,911,075</b>

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, 2013

	Notes	2013 \$	2012 \$
<b>Operating activities</b>			
Annual deficit		(128,126)	(59,868)
Items not affecting cash:			
Amortization of property and equipment		2,551,856	2,589,012
Amortization of deferred charges		2,000,000	2,000,000
		<u>4,423,730</u>	<u>4,529,144</u>
Net changes in non-cash working capital items	9	<u>6,982,006</u>	<u>319,462</u>
		<u>11,405,736</u>	<u>4,848,606</u>
<b>Investing activities</b>			
Acquisition of property and equipment		<u>(310,562)</u>	<u>(397,077)</u>
<b>Financing activities</b>			
Repayment of long-term debt		<u>(3,333,333)</u>	<u>(3,333,333)</u>
Net increase in cash		7,761,841	1,118,196
Cash, beginning of year		27,785,237	26,667,041
<b>Cash, end of year</b>		<u>35,547,078</u>	<u>27,785,237</u>

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



## Société en commandite Stationnement de Montréal

### Notes to the financial statements

December 31, 2013

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#### 1. Status and nature of activities

Société en commandite Stationnement de Montréal (the "Limited Partnership") was formed under a limited partnership agreement entered into on May 10, 1994. The general partner is Accessum 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 Limited Partnership, and Accessum Inc. invested \$1. Those investments, which are recorded in liabilities, are repayable at the termination date of the agreement between the Limited Partnership and Ville de Montréal.

On January 1, 1995, the Limited Partnership signed an agreement with Ville de Montréal to use the public domain for the purposes of paid parking. Since then, the Limited Partnership 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, revenues and expenses of the Limited Partnership and do not include other assets, liabilities, revenues 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 as such taxes are the responsibility of the limited partner.

#### 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 Limited Partnership recognizes its revenues, which consist of revenues 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.

##### *Property and equipment*

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

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

##### *Deferred charges*

Deferred charges represent 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.

##### *Non-financial assets*

The Limited Partnership accounts for property and equipment, deferred charges 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.

## Société en commandite Stationnement de Montréal

### Notes to the financial statements

December 31, 2013

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#### 2. Accounting policies (continued)

##### *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for 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. Accounts receivable

	2013	2012
	\$	\$
Accounts receivable	117,765	145,909
Allowance for doubtful accounts	(98)	(98)
	<u>117,667</u>	<u>145,811</u>

#### 4. Bank loans

The Limited Partnership 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, 2012, which represents \$14,788,931. This credit facility can be used in the form of bankers' acceptances that bear interest at variable rate. As at December 31, 2013, the credit facility, maturing on June 30, 2014, is unused (nil as at December 31, 2012). This facility is secured by a first mortgage on all assets of the Limited Partnership.

The Limited Partnership also has an authorized line of credit for a maximum amount of \$250,000 bearing interest at a variable rate. As at December 31, 2013, the line of credit, maturing on June 30, 2014, is unused (nil as at December 31, 2012).

# Société en commandite Stationnement de Montréal

## Notes to the financial statements

December 31, 2013

### 5. Long-term debt

	2013	2012
	\$	\$
Bridge loan, bearing interest at a floating rate, in the form of a banker's acceptance, repayable in annual principal instalments of \$1,333,333, guaranteed by Ville de Montréal up to a maximum of \$40,000,000, maturing on April 30, 2015	14,666,667	16,000,000
Debenture payable at Ville de Montréal, bearing interest at an annual rate of 9%, repayable in annual principal instalments of \$2,000,000, maturing in 2014	2,000,000	4,000,000
	<u>16,666,667</u>	<u>20,000,000</u>

Principal instalments over the next years are as follows:

	\$
2014	3,333,333
2015	13,333,334

### 6. Property and equipment

	Balance as at December 31, 2012	Acquisitions/ increases	Disposals/ write-offs	Balance as at December 31, 2013
	\$	\$	\$	\$
<b>Cost</b>				
Parking lots	5,318,669	—	—	5,318,669
Leasehold improvements	274,608	26,567	—	301,175
Parking lot improvements	673,390	21,945	—	695,335
Office equipment	1,076,657	176,860	—	1,253,517
Pay stations	22,102,315	—	—	22,102,315
Automotive equipment	440,029	85,190	—	525,219
Machinery and equipment	403,579	—	—	403,579
	<u>30,289,247</u>	<u>310,562</u>	<u>—</u>	<u>30,599,809</u>

**Société en commandite Stationnement de Montréal****Notes to the financial statements**

December 31, 2013

**6. Property and equipment (continued)**

	Balance as at December 31, 2012	Acquisitions/ increases	Disposals/ write-offs	Balance as at December 31, 2013
	\$	\$	\$	\$
<b>Accumulated amortization</b>				
Parking lots	—	—	—	—
Leasehold improvements	13,132	35,715	—	48,847
Parking lot improvements	653,862	15,211	—	669,073
Office equipment	661,448	216,849	—	878,297
Pay stations	13,511,450	2,203,743	—	15,715,193
Automotive equipment	329,204	41,472	—	370,676
Machinery and equipment	331,220	38,866	—	370,086
	15,500,316	2,551,856	—	18,052,172
	14,788,931			12,547,637

**7. Accumulated surplus**

	2013	2012
	\$	\$
Net investment from reserve fund for investments in property and equipment	991,656	1,419,782
Reserve fund for investments in property and equipment	791,293	491,293
	1,782,949	1,911,075

Pursuant to section No. XI, paragraph B of an agreement signed in 1995, the Limited Partnership has a "reserve fund for the exclusive purchase of equipment or other property related to paid parking in Montréal". Under an agreement, it is anticipated that this fund will increase by \$300,000 annually.

From 2004 to 2013, the Limited Partnership has used a reserve fund in the amount of \$3,639,971 as at December 31, 2013 (\$3,639,971 as at December 31, 2012). 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.

**Société en commandite Stationnement de Montréal****Notes to the financial statements**

December 31, 2013

**7. Accumulated surplus (continued)**

	2013	2012
	\$	\$
Investment from reserve fund, beginning of year	3,639,971	3,639,971
Amount invested during the year	—	—
Investment from reserve fund, end of year	3,639,971	3,639,971
Accumulated amortization of related property and equipment, beginning of year	2,220,189	1,860,321
Amortization of the year	428,126	359,868
Accumulated amortization of related property and equipment, end of year	2,648,315	2,220,189
Net balance of investment from reserve fund	991,656	1,419,782

**8. Expenses by item**

	Budget 2013	2013	2012
	\$	\$	\$
Salaries and benefits	5,575,027	5,421,596	5,546,623
Rent, repair and maintenance of parking lots	1,692,814	1,478,942	1,363,344
Advertising, transport and communication	462,328	413,121	435,932
Utilities	517,245	464,363	293,680
Bank, credit card, transactions and money handling fees	1,866,092	2,382,383	1,588,105
Professional services fees	603,000	538,168	383,732
Project development fees	505,000	176,715	719,574
Operational services	556,970	555,779	313,789
Other fees	405,831	295,912	357,676
Rent - parking lots	2,448,029	2,545,375	2,727,257
Rent - buildings	276,296	262,043	254,594
Management fees - Accesum Inc.	154,750	127,913	128,727
Taxes and permits	2,251,391	2,752,469	2,283,874
	17,314,773	17,414,779	16,396,907
Amortization of property and equipment	2,729,000	2,551,856	2,589,012
Amortization of property and equipment purchased from reserve fund	(383,000)	(428,126)	(359,868)
Interest on long-term debt	577,222	538,339	760,906
Other interest and financial expenses	3,000	6,826	1,822
Fee for claim's resolution	—	100,000	—
	20,240,995	20,183,674	19,388,779

**Société en commandite Stationnement de Montréal****Notes to the financial statements**

December 31, 2013

**9. Changes in non-cash working capital items**

	2013	2012
	\$	\$
Accounts receivable	28,144	(32,571)
Advances to Accesum Inc.	33,030	39,866
Accounts payable and accrued liabilities	1,060,305	(716,679)
Due to Ville de Montréal	5,833,688	1,022,166
Due to Accesum Inc.	23,180	(16,735)
Prepaid expenses	3,659	23,415
	<u>6,982,006</u>	<u>319,462</u>

**10. Commitments**

- (a) The Limited Partnership is committed under a rental proposal of office and industrial space for 10 years. The minimum balance owing under this proposal during the next five years, including taxes and estimated operating expenses, amounts to \$3,644,290 and is detailed as follows:

	\$
2014	443,186
2015	446,586
2016	490,711
2017	503,068
2018	503,068

- (b) The Limited Partnership is required to pay to Ville de Montréal 70% of revenues, less property taxes, as rent for the parking lots leased from Ville de Montréal.
- (c) The Limited Partnership has entered into maintenance agreements for a total amount of \$168,051. These agreements expire up to April 2014. The Limited Partnership has also entered into a service contract for a total amount of \$126,600 in 2014.
- (d) The Limited Partnership is committed under a service contract for an integrated system management for pay stations for a period of three years ending in September 2016. The minimum balance owing under this contract during the next three years amounts to \$591,591 and is detailed as follows:

	\$
2014	215,124
2015	215,124
2016	161,343

## Société en commandite Stationnement de Montréal

### Notes to the financial statements

December 31, 2013

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#### 11. Managed entity

Under his management mandate, the Limited Partnership provides management services to Société de Jalonnement dynamique de Montréal (SJDM) and appoints the majority of the members of its board of directors as provided by the constitutional bylaws of the entity. The management contract ends on January 27, 2014 and will not be renewed by the organization.

The Limited Partnership has provided, during the year, project administration and management services, without compensation, to SJDM.

SJDM is a not-for-profit organization whose mandate is to offer and operate systems for dynamic traffic management with the objective of facilitating the localization of urban parking lots. For information purposes, the audited financial statements of SJDM for the year ended December 31, 2013 are as follows:

	2013	2012
	\$	\$
<b>Statement of financial position</b>		
Financial assets	24,428	109,077
Liabilities	66,589	153,650
Net debt and accumulated deficit	(42,161)	(44,573)
<b>Statement of operations</b>		
Total revenues	34,331	37,405
Total expenses	29,933	16,663
Excess of revenues over expenses	4,398	20,742
<b>Cash flows</b>		
Net (decrease) increase in cash	(85,791)	79,755

#### 12. Subsequent event

In early 2014, the Ville de Montréal has announced that it is studying the possibility of giving the management of SCSM to another company.

#### 13. Comparative figures

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

To obtain additional copies of this financial report, please call us at 514 868-3731.

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**Accesum Inc. and Société en commandite Stationnement de Montréal**

640, Saint-Paul St. West, Suite 200, Montréal (Québec) H3C 1L9

[www.statdmtl.qc.ca](http://www.statdmtl.qc.ca)

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