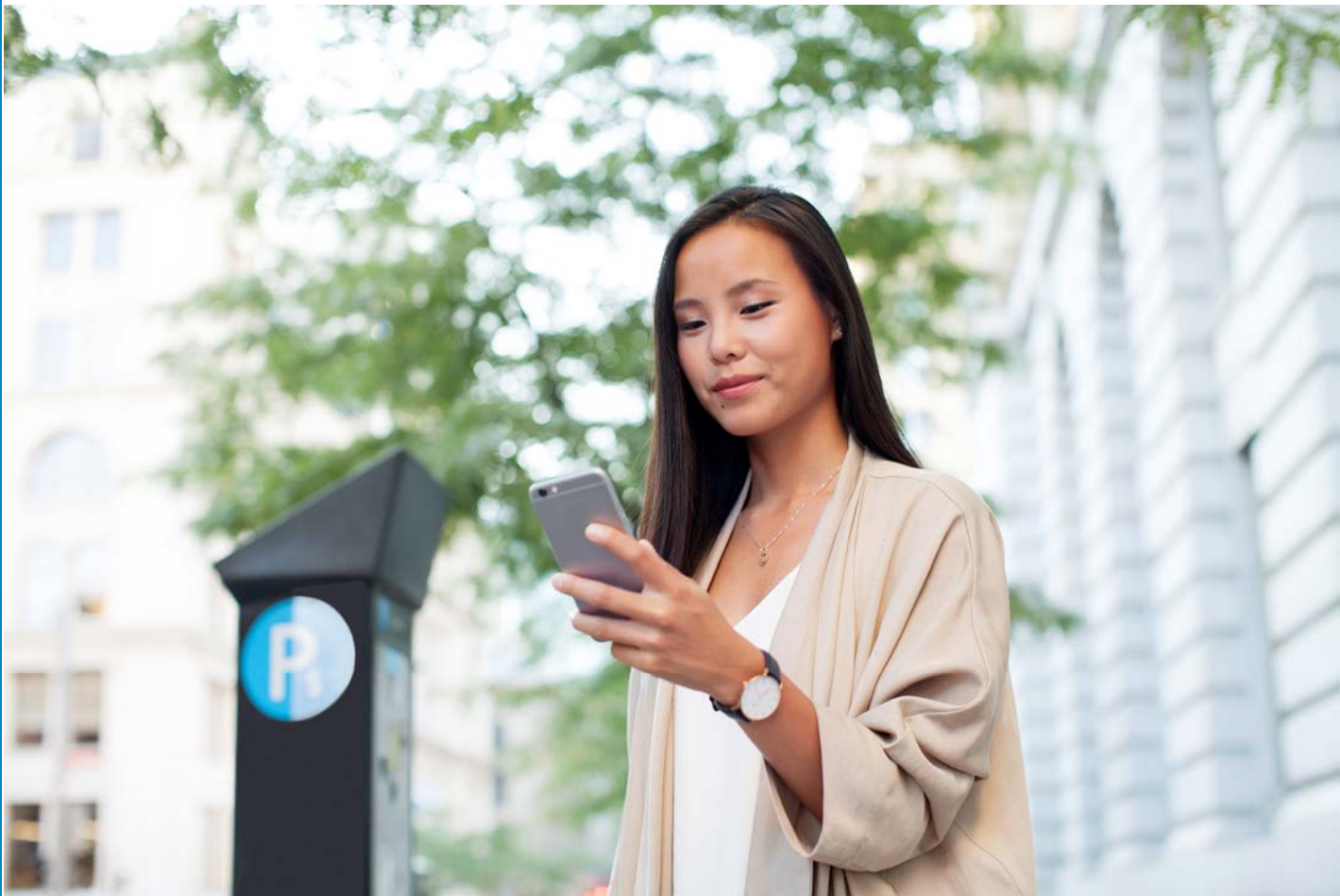


## FINANCIAL REPORT 2016

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>**

Special Consultant  
Board of Trade of Metropolitan Montréal

#### **Benoît Bessette <sup>3</sup>**

Senior Vice-President, General Manager  
K72

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

Company Director

#### **Me André Goyer <sup>1</sup>**

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

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

Director and head volunteer  
Fondation Montréal inc.

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

Director, Accounting and Financial Information  
City of Montréal

#### **Aref Salem <sup>1,3,4</sup>**

Member of the Executive Committee – Manager, Transportation  
City of Montréal

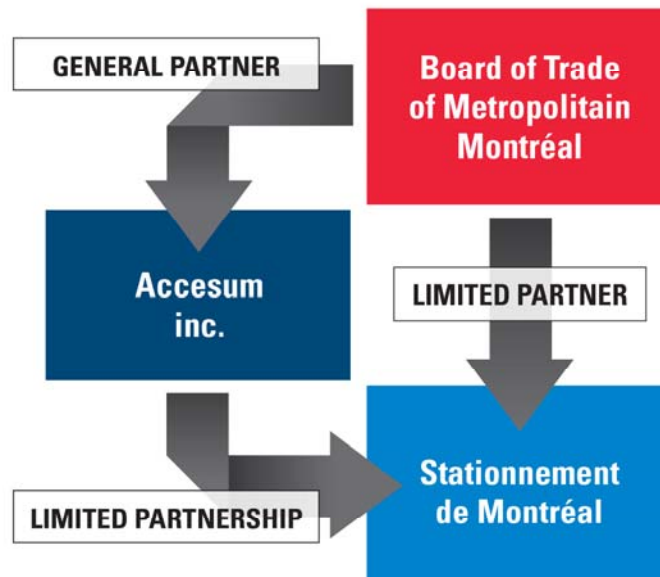
1. Governance and Human Resources Committee
2. Finance and Audit Committee
3. Communications Committee
4. Administrator appointed by the City, then observer since June 15, 2016

## 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.



## 2016 Highlights

**\$61.5 M** in on-street parking income;

**25,791,000** on-street and off-street transactions made during the year;

The *P\$ Mobile Service* app accounted for **42.9%** of all payment transactions during the year.

At the pay station level, **29.3%** were made by credit card and **27.8%** with cash;

**714,719** users registered to the *P\$ Mobile Service* app;

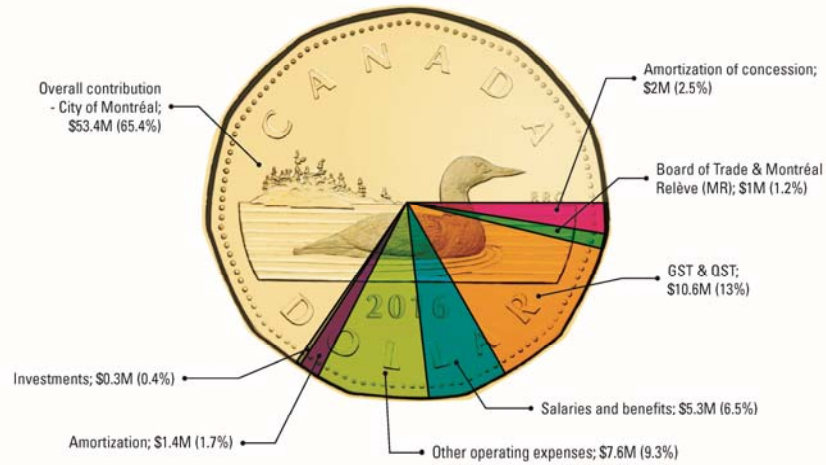
**18,644** paid on-street parking spaces;

**26,503** bi-weekly, monthly and quarterly parking permits issued for **34** parking lots comprised of a total of **3,273** spaces;

**1,442** on-street and off-street pay stations.

## Financials Highlights 2016

2016 breakdown of each dollar spent on parking facilities



Evolution of on-street revenues by payment method



Contributions to the City – 2010 to 2016



## A WORD FROM MANAGEMENT

### THE ROAD AHEAD: SMART PARKING

The year 2016 was synonymous with change. Ville de Montréal adopted a brand new vision for sustainable mobility, paving the way for a parking policy. A true leader in its field, the Société en commandite Stationnement de Montréal (the “Société”) played a consulting role with respect to municipal authorities in developing this new approach. In fact, the creation of a new municipal parking management body will broaden its abilities to all aspects of municipal parking. Innovative and rigorous, the Société has already launched work to this end. Its representatives sit on the city committee on regulatory framework, whose mission is to harmonize and standardize signage so drivers can better understand it, as well as on the committee for sustainable mobility poles.

In addition to participating in parking policy activities, the Société, faithful to its mission, spearheaded two files in the past year: the development of its expertise in on-street and off-street parking operations and management as well as the development of new technologies to increase user satisfaction. The Société is proud to provide a positive report on its achievements.

#### In the heart of the smart city

With its eyes on a digital revolution, the Société has made its mission to transform municipal parking into smart parking. The Société is working to create a new smart business architecture that will maximize the reading of all available data.

The Société is a key player in the smart and digital city that Montréal has become. At the beginning of the year, it adhered to the city's open data policy. In doing so, it released the first data on the location of street furniture (pay stations, tab signs), regulations, rates, and hourly rates of paid on-street parking. As a partner of Ville de Montréal, the Société also helped promote the *MTL Trajet* application, which has been downloaded by over 10,000 people willing to share data in order to improve mobility and travel in Greater Montréal. Moreover, as part of the InnoCité Mtl business accelerator program, the Société served as a mentor to CityParking, a start-up developing an application that lets residents rent out their parking space.

#### P\$ Mobile Service: A popular app

The popularity of the *P\$ Mobile Service* app continues to grow. By late 2016, the app represented 47% of the amounts collected for paid on-street parking, while pay stations accounted for the remaining 53%. Again this year, a client satisfaction survey showed that more than 84% of surveyed users said they were “highly satisfied” with the application.

In accordance with Ville de Montréal's procurement rules, the Société announced the name of the new agent for the *P\$ Mobile Service* app, Passport Inc. This agent will be responsible for ensuring the continuity of service for *P\$ Mobile Service* and its subsequent versions while maintaining user satisfaction.

### **A wider reach thanks to digital communications**

In October, the Société launched its new [website](#), which is more user-friendly, intuitive, and pared down. Several sections were updated to be more contemporary, and direct links are now provided to the city's webpages (fines and towing information).

Aligned with its goal of proximity to users, the Société has maintained its objective of becoming active on social media. This is a great opportunity for the Société to interact with users while sharing information about its various projects, its employees, best parking practices, and more.

### **New paid parking spaces in Le Sud-Ouest**

In order to better manage parking and contribute to the economic prosperity of the boroughs, 146 paid parking spaces were added to certain streets in the Peel-Wellington sector. This improves access to businesses in Le Sud-Ouest borough by fostering the sharing of parking spaces and a better rotation of vehicles.

### **On the lookout for best practices**

The Société believes in the critical importance of introducing best practices in the parking industry. Every year, it participates in various international conferences, including those of the International Parking Institute and the Canadian Parking Association. These events are an opportunity to stay on top of management practices, strengthen ties with experienced providers, and make new contacts with representatives from other North American cities.

### **Remarkable performance**

In 2016, the Société paid Ville de Montréal \$53.4 million in taxes, rent, permits, interest on the debenture, compensation, and royalties. Since its creation in 1995, the Société has paid a total of \$695.8 million to the city, including the initial payment of \$56.8 million and the reimbursement of the debenture to the city. It has also completely repaid the initial long-term debt of \$40 million.

Pursuant to the concession contract granted in 1995 by Ville de Montréal, the Société paid \$400,000 to the Chamber of Commerce of Metropolitan Montreal, as well as an annual contribution of \$600,000 to Montréal Relève.

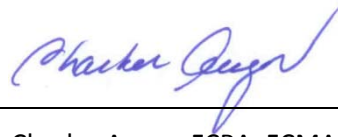
The Société has stood out since 1995 thanks to its focus on innovation. Its team of dedicated employees has been instrumental in spearheading such innovative projects, playing a consultative role with municipal authorities, presenting a sound balance sheet resulting from strict management, and, especially, meeting user needs.

We wish to thank the members of the Board of Directors who oversaw the sound management of the Société with integrity and transparency.



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Rémi Racine  
President  
Board of Directors for Accesum 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, 2016

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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, 2016, 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, 2016, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Deloitte LLP*<sup>1</sup>

March 21, 2017

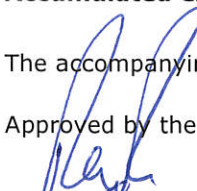
<sup>1</sup> CPA auditor, CA, public accountancy permit No. A120628

**Accesum Inc.**  
**Statement of financial position**  
As at December 31, 2016

	Notes	2016	2015
		\$	\$
<b>Financial assets</b>			
Cash		62,171	5,984
Taxes receivable		5,573	—
Receivable from Société en commandite Stationnement de Montréal		—	17,707
Investment	3	1	1
		<b>67,745</b>	23,692
<b>Liabilities</b>			
Accounts payable and accrued liabilities		34,477	33,181
Due to Société en commandite Stationnement de Montréal		42,757	—
Due to Board of Trade of Metropolitan Montreal		100	100
		<b>77,334</b>	33,281
<b>Net debt</b>		<b>(9,589)</b>	(9,589)
<b>Non-financial assets</b>			
Prepaid expenses		9,589	9,589
<b>Accumulated excess</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, 2016

	<b>2016</b>	2015
	\$	\$
Excess for the year	—	—
Change in prepaid expenses	—	—
Change in net debt during the year	—	—
Net debt, beginning of year	<b>9,589</b>	9,589
Net debt, end of year	<b>9,589</b>	9,589

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

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

Year ended December 31, 2016

	<b>2016</b>	2015
	<b>\$</b>	\$
<b>Revenue</b>		
Indemnity from Société en commandite Stationnement de Montréal	<b>122,812</b>	128,157
<b>Expenses</b>		
Administrative services	<b>106,399</b>	96,963
Insurance	<b>10,006</b>	10,006
Other	<b>6,407</b>	21,188
	<b>122,812</b>	128,157
<b>Excess for the year</b>	<b>—</b>	—
<b>Accumulated excess, beginning and end of year</b>	<b>—</b>	—

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

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

Year ended December 31, 2016

	<b>2016</b>	2015
	\$	\$
<b>Operating activities</b>		
Excess for the year	—	—
Changes in non-cash working capital items		
Taxes receivable	<b>(5,573)</b>	—
Receivable from Société en commandite Stationnement de Montréal	<b>17,707</b>	(9,377)
Due to Société en commandite Stationnement de Montréal	<b>42,757</b>	—
Accounts payable and accrued liabilities	<b>1,296</b>	(11,706)
Net increase (decrease) in cash	<b>56,187</b>	(21,083)
Cash, beginning of year	<b>5,984</b>	27,067
<b>Cash, end of year</b>	<b>62,171</b>	5,984

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

## **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. Investment**

	<b>2016</b>	2015
	\$	\$
Investment in Société en commandite Stationnement de Montréal (one unit at \$1)	<b>1</b>	1

## **4. 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, 2016, no budget is presented in the financial statements.

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

December 31, 2016

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## INDEPENDENT AUDITOR'S REPORT

To the board members of the general partners

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, 2016, and the statements of operations, changes 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.

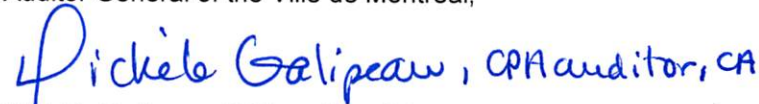
### *Opinion*

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, 2016 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 qualifying my opinion, I draw attention to Note 1 in the financial statements which indicates that during the year ended December 31, 2016, the agglomeration council of Ville de Montréal approved its new parking policy which included the transfer of the activities of Société en commandite Stationnement de Montréal into a new organization to be created. This situation indicates the existence of an uncertainty as to the assumption that the Société en commandite Stationnement de Montréal is a going concern.

Auditor General of the Ville de Montréal,



Michèle Galipeau, CPA auditor, CA

Montréal, March 21, 2017

**Société en commandite Stationnement de Montréal**  
**Statement of operations**  
Year ended December 31, 2016

	Note	Budget 2016	2016	2015
		\$	\$	\$
<b>Revenue</b>				
Paid on-street parkings		66,796,050	61,552,533	62,905,309
Parking lots		6,494,660	6,234,160	5,426,178
Other operating revenue		1,954,290	3,064,657	2,756,925
Interest revenue		275,000	173,092	287,391
		<b>75,520,000</b>	<b>71,024,442</b>	<b>71,375,803</b>
<b>Expenses</b>				
Paid on-street parkings		16,715,370	13,368,913	14,166,533
Parking lots		5,287,796	6,718,568	5,606,508
Other operating expenses		491,834	817,783	577,427
Interest on long-term debt		249,000	32,334	251,420
Other interest and financial expenses		—	466	430
	6	<b>22,744,000</b>	<b>20,938,064</b>	<b>20,602,318</b>
<b>Surplus before compensations and royalties</b>		<b>52,776,000</b>	<b>50,086,378</b>	<b>50,773,485</b>
Compensation for contribution from Board of Trade of Metropolitan Montreal		(400,000)	(400,000)	(400,000)
Compensation and royalties – Ville de Montréal		(51,776,000)	(48,932,249)	(49,735,920)
Royalties – Economic Development Fund		(600,000)	(600,000)	(600,000)
		<b>(52,776,000)</b>	<b>(49,932,249)</b>	<b>(50,735,920)</b>
<b>Annual surplus</b>		<b>—</b>	<b>154,129</b>	<b>37,565</b>
Accumulated surplus, beginning of year		1,826,081	1,826,081	1,788,516
<b>Accumulated surplus, end of year</b>		<b>1,826,081</b>	<b>1,980,210</b>	<b>1,826,081</b>

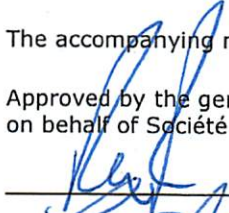
The accompanying notes are an integral part of the financial statements.

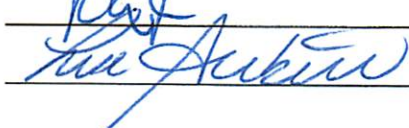
**Société en commandite Stationnement de Montréal**  
**Statement of financial position**  
As at December 31, 2016

	Notes	2016	2015
		\$	\$
<b>Financial assets</b>			
Cash		31,800,154	42,212,462
Accounts receivable		116,727	225,226
Receivable from Accesum Inc., general partner, non-interest-bearing and without repayment terms		42,757	—
		<b>31,959,638</b>	42,437,688
<b>Liabilities</b>			
Accounts payable and accrued liabilities		2,497,619	3,001,217
Temporary loan (at a rate of 0.88% in 2015, matured on January 8, 2016)		—	12,000,000
Due to Economic 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		50,004,125	51,167,166
Due to Accesum Inc., general partner, non-interest-bearing and without repayment terms		—	17,707
Due to Board of Trade of Metropolitan Montreal, non-interest-bearing and without repayment terms		500,000	500,000
		<b>53,301,744</b>	66,986,090
<b>Net debt</b>		<b>21,342,106</b>	24,548,402
<b>Non-financial assets</b>			
Property and equipment	4	7,031,160	8,241,638
Deferred charges		16,000,000	18,000,000
Prepaid expenses		291,156	132,845
		<b>23,322,316</b>	26,374,483
<b>Accumulated surplus</b>	5	<b>1,980,210</b>	1,826,081
Commitments	8		

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

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

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

**Société en commandite Stationnement de Montréal**  
**Statement of changes in net debt**  
Year ended December 31, 2016

	<b>Budget 2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Annual surplus</b>	<b>—</b>	<b>154,129</b>	<b>37,565</b>
Change in property and equipment			
Acquisitions	<b>(1,066,600)</b>	<b>(362,439)</b>	<b>(242,505)</b>
Amortization	<b>1,962,000</b>	<b>1,572,917</b>	<b>2,292,079</b>
	<b>896,000</b>	<b>1,364,607</b>	<b>2,087,139</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>(158,311)</b>	<b>86,371</b>
Change in net debt for the year	<b>2,896,000</b>	<b>3,206,296</b>	<b>4,173,510</b>
Net debt, beginning of year	<b>(24,548,402)</b>	<b>(24,548,402)</b>	<b>(28,721,912)</b>
Net debt, end of year	<b>(21,652,402)</b>	<b>(21,342,106)</b>	<b>(24,548,402)</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, 2016

	Note	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>Operating activities</b>			
Annual surplus		<b>154,129</b>	37,565
Items not affecting cash			
Amortization of property and equipment		<b>1,572,917</b>	2,292,079
Amortization of deferred charges		<b>2,000,000</b>	2,000,000
		<b>3,727,046</b>	4,329,644
Net changes in non-cash working capital items	7	<b>(1,776,915)</b>	1,636,662
Cash flows from operating activities		<b>1,950,131</b>	5,966,306
<b>Investing activities</b>			
Acquisition of property and equipment and cash flows from investing activities in property and equipment		<b>(362,439)</b>	(242,505)
<b>Financing activities</b>			
Repayment of long-term debt		—	(13,333,333)
(Decrease) increase of temporary loan		<b>(12,000,000)</b>	12,000,000
Cash flows from financing activities		<b>(12,000,000)</b>	(1,333,333)
Net (decrease) increase in cash		<b>(10,412,308)</b>	4,390,468
Cash, beginning of year		<b>42,212,462</b>	37,821,994
Cash, end of year		<b>31,800,154</b>	42,212,462

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

**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, Ville de Montréal adopted its new parking policy following public consultations held in spring 2016. This new policy confirms the information received in December 2015 regarding the creation of a new organization whose mission will be broader in scope than the mission of the Society. The creation of a municipal organization that manages parking was identified as a priority. The Society's financial statements do not include any adjustment to the amounts of assets and liabilities that may be required if the going concern assumption is not warranted. 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:

*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.

*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.

**2. Significant accounting policies (continued)**

*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 lots improvements	5 years
Office equipment	3 and 5 years
Pay stations	10 years
Automotive equipment	5 years
Machinery and equipment	5 years

*Depreciation of 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 no write-downs can be subsequently reversed.

*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 Society 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.

*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.



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

December 31, 2016

**3. 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, 2015, which represents \$8,241,638. This credit facility can be used in the form of bankers' acceptances that bear interest at variable rate of 0.98% as at December 31, 2016 (0.88% as at December 31, 2015). As at December 31, 2016, the credit facility, maturing on June 30, 2017, is unused (nil as at December 31, 2015). This facility is secured by a first rank mortgage on all assets of the Society.

**4. Property and equipment**

	Balance as at December 31, 2015	Acquisitions/ increases	Disposals/ write-offs	Balance as at December 31, 2016
	\$	\$	\$	\$
<b>Cost</b>				
Parking lots	5,318,669	—	—	5,318,669
Leasehold improvements	301,175	—	—	301,175
Parking lots improvements	87,006	193,848	—	280,854
Office equipment	990,419	151,017	—	1,141,436
Pay stations	22,102,315	—	—	22,102,315
Automotive equipment	724,317	8,449	(78,115)	654,651
Machinery and equipment	413,525	9,125	—	422,650
	29,937,426	362,439	(78,115)	30,221,750
<b>Accumulated amortization</b>				
Leasehold improvements	102,156	30,117	—	132,273
Parking lots improvements	76,034	4,389	—	80,423
Office equipment	774,932	149,215	—	924,147
Pay stations	19,860,327	1,309,331	—	21,169,658
Automotive equipment	500,287	67,780	(78,115)	489,952
Machinery and equipment	382,052	12,085	—	394,137
	21,695,788	1,572,917	(78,115)	23,190,590
	8,241,638	—	—	7,031,160

**5. Accumulated surplus**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Net investment from reserve fund for investments in property and equipment	<b>288,917</b>	434,788
Reserve fund for investments in property and equipment	<b>1,691,293</b>	1,391,293
	<b>1,980,210</b>	1,826,081

Pursuant to section No. XI, paragraph B of an agreement signed in 1995, the Society 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.

The Society has used the reserve fund in the amount of \$3,639,971 as at December 31, 2016 (\$3,639,971 as at December 31, 2015). 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.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Investments from reserve fund, beginning of year	<b>3,639,971</b>	3,639,971
Amount invested during the year	—	—
Investments from reserve fund, end of year	<b>3,639,971</b>	3,639,971
Accumulated amortization of related property and equipment, beginning of year	<b>3,205,183</b>	2,942,748
Amortization of the year	<b>145,871</b>	262,435
Accumulated amortization of related property and equipment, end of year	<b>3,351,054</b>	3,205,183
Net balance of investments from reserve fund	<b>288,917</b>	434,788

**Société en commandite Stationnement de Montréal**  
**Notes to the financial statements**  
December 31, 2016

**6. Expenses by Item**

	<b>Budget 2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Salaries and benefits	<b>5,508,000</b>	<b>5,345,716</b>	5,180,686
Rent, maintenance of equipment and maintenance of parking lots	<b>2,263,000</b>	<b>1,741,725</b>	1,546,296
Advertising and communication	<b>628,000</b>	<b>433,619</b>	474,728
Supplies	<b>494,000</b>	<b>443,853</b>	412,596
Bank, credit card, transactions and money handling fees	<b>2,863,000</b>	<b>2,995,141</b>	2,585,850
Professional services fees	<b>876,000</b>	<b>507,299</b>	646,416
Project development fees	<b>503,000</b>	<b>140,155</b>	328,094
Operational services	<b>659,000</b>	<b>433,813</b>	472,750
Rent of parking lots	<b>2,616,000</b>	<b>3,216,441</b>	2,798,312
Rent of buildings	<b>309,000</b>	<b>319,165</b>	301,947
Management fees of Accesum Inc.	<b>152,000</b>	<b>122,812</b>	128,156
Taxes and permits	<b>3,292,000</b>	<b>3,343,268</b>	2,918,292
Other fees	<b>370,000</b>	<b>289,340</b>	264,266
	<b>20,533,000</b>	<b>19,332,347</b>	18,058,389
Amortization of property and equipment	<b>1,962,000</b>	<b>1,572,917</b>	2,292,079
Interest on long-term debt	<b>249,000</b>	<b>32,334</b>	251,420
Other interest and financial expenses	<b>—</b>	<b>466</b>	430
	<b>22,744,000</b>	<b>20,938,064</b>	20,602,318

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Accounts receivable	<b>108,499</b>	778,747
Receivable from Accesum Inc.	<b>(42,757)</b>	—
Accounts payable and accrued liabilities	<b>(503,598)</b>	(451,321)
Due to Ville de Montréal	<b>(1,163,041)</b>	1,213,488
Due to Accesum Inc.	<b>(17,707)</b>	9,377
Prepaid expenses	<b>(158,311)</b>	86,371
	<b>(1,776,915)</b>	1,636,662

**8. Commitments**

- (a) The Society is committed under a rental proposal of office and industrial space for 10 years ending in 2022. The minimum balance owing under this proposal during the next five years, including taxes and estimated operating expenses, amounts to \$2,772,008 and is detailed as follows for the next five years:

	\$
2017	508,257
2018	526,980
2019	526,980
2020	526,980
2021	526,980

- (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 \$214,521. These agreements expire up to May 2017.
- (d) The Society is committed under a service contract for an integrated system management for pay stations for a period of three years ended in September 2016 renewed until September 2017. Each renewal period will be one year each, for a maximum of three renewals. The minimum balance owing under this contract for the next year amounts to \$174,173.

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

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ISBN 978-2-922594-37-9

Legal deposit, June 2017

Bibliothèque nationale du Québec

Printed in Canada