

PARKLAND FOOD BANK SOCIETY
Financial Statements
Year Ended December 31, 2016

PARKLAND FOOD BANK SOCIETY
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Year Ended December 31, 2016

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February 27, 2017
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Members of Parkland Food Bank Society

We have audited the accompanying financial statements of Parkland Food Bank Society, which comprise the statement of financial position as at December 31, 2016 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Parkland Food Bank Society derives revenue from donations and donated food, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Parkland Food Bank Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and donated food revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2016, current assets and net assets as at December 31, 2016.

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Independent Auditor's Report to the Members of Parkland Food Bank Society (continued)

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Parkland Food Bank Society as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "Kingston Ross Pasnak LLP". The signature is written in a cursive style and is positioned above a horizontal line.

Kingston Ross Pasnak LLP
Chartered Professional Accountants

PARKLAND FOOD BANK SOCIETY
Statement of Revenues and Expenditures
For the Year Ended December 31, 2016

	2016	2015
REVENUE		
Food donations in kind <i>(Note 6)</i>	\$ 1,212,671	\$ 838,615
Donations <i>(Note 7)</i>	261,409	187,210
Amortization of deferred contributions <i>(Note 4)</i>	30,536	13,019
Fundraising	28,996	5,172
Government grants	27,750	54,000
Donations for building	904	175
Other income	827	507
Interest income	72	237
	1,563,165	1,098,935
EXPENSES		
Food donations in kind <i>(Note 6)</i>	1,212,671	838,615
Wages and benefits	76,803	62,033
Food and warehouse supplies	75,150	35,204
Amortization of capital assets	63,222	37,695
Professional fees	13,581	11,662
Office	12,290	7,464
Utilities	11,313	9,541
Fundraising	9,706	1,432
Insurance, licenses and permits	5,899	3,876
Automotive and travel	4,508	7,206
Waste removal	3,786	3,365
Repairs and maintenance	3,222	9,551
Volunteer appreciation	1,920	2,441
Telephone	1,460	1,142
	1,495,531	1,031,227
EXCESS OF REVENUE OVER EXPENSES	\$ 67,634	\$ 67,708

PARKLAND FOOD BANK SOCIETY
Statement of Changes in Net Assets
Year Ended December 31, 2016

	Unrestricted Net Assets	Restricted Net Assets (Note 5)	Invested in Capital Assets	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 128,094	\$ 30,000	\$ 174,114	\$ 332,209	\$ 264,501
Excess of revenues over expenses	67,634	-	-	67,634	67,708
Purchase of capital assets	(100,044)	-	100,044	-	-
Deferred contributions received	48,126	-	(48,126)	-	-
Amortization of capital assets	63,222	-	(63,222)	-	-
Amortization of deferred contributions	(30,536)	-	30,536	-	-
NET ASSETS - END OF YEAR	\$ 176,496	\$ 30,000	\$ 193,346	\$ 399,843	\$ 332,209

PARKLAND FOOD BANK SOCIETY
Statement of Financial Position
December 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 221,613	\$ 158,990
Government remittances receivable	3,364	11,722
Prepaid expenses	4,797	9,762
	229,774	180,474
CAPITAL ASSETS (Note 3)	534,554	497,733
	\$ 764,328	\$ 678,207
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 22,436	\$ 17,401
Deferred income	-	4,138
	22,436	21,539
DEFERRED CONTRIBUTIONS (Note 4)	342,049	324,459
	364,485	345,998
COMMITMENTS (Note 8)		
NET ASSETS		
Unrestricted	176,496	128,095
Restricted (Note 5)	30,000	30,000
Invested in capital assets	193,346	174,114
	399,843	332,209
	\$ 764,328	\$ 678,207

ON BEHALF OF THE BOARD

_____ Director

_____ Director

PARKLAND FOOD BANK SOCIETY
Statement of Cash Flow
Year Ended December 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 67,634	\$ 67,708
Items not affecting cash:		
Amortization of deferred contributions	(30,536)	(13,019)
Amortization of capital assets	63,222	37,695
	100,320	92,384
Changes in non-cash working capital:		
Government remittances receivable	8,358	(6,730)
Accrued interest receivable	-	382
Prepaid expenses	4,965	(6,926)
Accounts payable and accrued liabilities	5,037	6,865
Deferred income	(4,138)	4,138
	14,222	(2,271)
Cash flow from operating activities	114,542	90,113
INVESTING ACTIVITIES		
Purchase of capital assets	(100,044)	(326,701)
Proceeds from sale of marketable securities	-	52,000
Cash flow used by investing activities	(100,044)	(274,701)
FINANCING ACTIVITY		
Deferred contributions received	48,125	43,737
Cash flow from financing activity	48,125	43,737
INCREASE (DECREASE) IN CASH FLOW	62,623	(140,851)
CASH - BEGINNING OF YEAR	158,990	299,841
CASH - END OF YEAR	\$ 221,613	\$ 158,990

PARKLAND FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2016

1. PURPOSE OF THE SOCIETY

Parkland Food Bank Society (the "Society") is a not-for-profit organization incorporated provincially under the Societies Act of Alberta on January 1, 1986. As a registered charity the Society is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The principal activity of the Society is to be a steward in the collection of surplus and donated food for the effective distribution, free of charge, to people in need in the community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Significant estimates include assessment of the value of donated food. Actual results could differ from these estimates.

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when they are received or receivable if the amount can be reasonably assured.

Externally restricted contributions are initially deferred and then recognized as revenue in the year the related expenses are incurred.

Donated capital assets and capital contributions received are initially deferred and recognized as revenue on the same basis as the related amortization expense.

Food donations in kind are recorded at \$2.50 per pound based on the Food Banks Canada national valuation standard.

Interest and other income is recognized in the period when received or receivable.

Contributed services

Volunteers and board members contribute significant time to assist the Society in carrying out its activities during the year. Due to the difficulty of determining their fair value, contributed services are not recognized in these statements.

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PARKLAND FOOD BANK SOCIETY
Notes to Financial Statements
Year Ended December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Buildings	4%	declining balance method
Warehouse equipment	30%	declining balance method
Automotive equipment	30%	declining balance method
Computer software	30%	declining balance method
Computer hardware	55%	declining balance method
Furniture and fixtures	20%	declining balance method

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Food and inventory

Food donation and purchases are recorded as an expense at the date of donation or purchase. Food items on hand at year-end are not recorded as inventory.

Financial instruments

Measurement of financial instruments

Financial instruments resulting from arm's length transactions are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and are tested for impairment as described below.

Financial assets measured at amortized cost are cash and receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at amortized cost are tested for impairment whenever there are indicators of impairment; management determines whether any such indicators exist at the end of each reporting period. If an impairment is identified, the reduction in the carrying value of the financial asset is recognized as an impairment loss in net income.

When events indicate that an impairment no longer exists, a previously recognized impairment loss may be reversed to the extent that it was originally recorded. The amount of the reversal is recognized in net income in the period in which it occurs.

PARKLAND FOOD BANK SOCIETY
Notes to Financial Statements
Year Ended December 31, 2016

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Buildings	\$ 540,365	\$ 109,137	\$ 431,228	\$ 449,196
Warehouse equipment	130,738	70,373	60,365	41,965
Automotive equipment	81,951	41,679	40,272	3,256
Computer software	2,624	1,338	1,286	1,837
Computer hardware	4,897	3,639	1,258	1,297
Furniture and fixtures	2,962	2,817	145	182
	\$ 763,537	\$ 228,983	\$ 534,554	\$ 497,733

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted contributions for the purchase of capital assets. The change in the deferred contributions balance for the year is as follows:

	2016	2015
Balance, beginning of the year	\$ 324,459	\$ 293,741
Contributions	48,126	43,737
Amounts amortized to revenue	(30,536)	(13,019)
	\$ 342,049	\$ 324,459

5. RESTRICTED NET ASSETS

The Board has designated funds of \$30,000 (2015 - \$30,000) as restricted net assets. The restricted net assets consists of operating reserves of \$20,000 (2015 - \$20,000) and capital asset replacement reserves of \$10,000 (2015 - \$10,000).

6. FOOD DONATIONS IN KIND

The food donations are valued at an average price per pound of \$2.50 based on the Food Banks of Canada national valuation standard. In 2016, management estimated that approximately 485,068 pounds of food was received and distributed (335,446 pounds at \$2.50 per pound in 2015) for a total value of \$1,212,671 (2015 - \$838,615).

PARKLAND FOOD BANK SOCIETY
Notes to Financial Statements
Year Ended December 31, 2016

7. DONATIONS

Donations revenue included in the statement of revenues and expenditures are comprised as follows:

	2016	2015
Businesses	\$ 72,354	\$ 91,966
Individuals	70,250	45,940
Group of Individuals	43,889	22,862
Service Groups	19,287	8,492
Churches	7,284	7,154
Other Agencies	48,345	6,806
Alberta Justice	-	3,990
	\$ 261,409	\$ 187,210

8. COMMITMENTS

The Society has entered into an agreement to lease certain lands from the City of Spruce Grove, with the full cost of the lease donated, for a fifteen year period expiring December 31, 2029.

9. ECONOMIC DEPENDENCE

The Society relies on food donations from the community to distribute food to families and individuals in need in the Parkland region. The ability to continue viable operations is dependent on the donations.

10. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2016. Unless otherwise noted, the Society's risk exposure has not changed from the prior year.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its financial obligations associated with financial liabilities. The Society is exposed to this mainly in respect of its accounts payable and accrued liabilities, therefore there is minimal exposure.