

**PARKLAND FOOD BANK SOCIETY**  
**Financial Statements**  
**Year Ended December 31, 2017**

**PARKLAND FOOD BANK SOCIETY**  
**Index to Financial Statements**  
**Year Ended December 31, 2017**

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March 27, 2018  
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, 2017 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, 2017, current assets and net assets as at December 31, 2017.

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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, 2017 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, reading "Kingston Ross Pasnak" followed by a stylized "LLP".

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**Kingston Ross Pasnak LLP**  
Chartered Professional Accountants

**PARKLAND FOOD BANK SOCIETY**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2017**

	2017	2016
<b>REVENUES</b>		
Food donations in kind (Note 4)	\$ 1,463,371	\$ 1,212,671
Donations (Note 5)	300,582	261,409
Government grants	42,208	27,750
Fundraising	32,335	28,996
Amortization of deferred contributions (Note 6)	24,625	30,536
Other income	258	827
Interest income	128	72
Donations for building	-	904
	<b>1,863,507</b>	<b>1,563,165</b>
<b>EXPENSES</b>		
Food donations in kind (Note 4)	1,463,371	1,212,671
Wages and benefits	102,618	76,803
Food and warehouse supplies	56,445	75,150
Amortization of capital assets	51,112	63,222
Office	13,088	12,290
Professional fees	11,070	13,581
Utilities	9,642	11,313
Automotive and travel	7,948	4,508
Insurance, licenses and permits	7,030	5,899
Waste removal	5,365	3,786
Fundraising	5,111	9,706
Volunteer appreciation	3,293	1,920
Repairs and maintenance	2,829	3,222
Telephone	1,543	1,460
	<b>1,740,465</b>	<b>1,495,531</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 123,042</b>	<b>\$ 67,634</b>

**PARKLAND FOOD BANK SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2017**

	Unrestricted Net Assets	Restricted Net Assets (Note 7)	Invested in Capital Assets	2017	2016
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 176,496	\$ 30,000	\$ 193,346	\$ 399,843	\$ 332,209
Excess of revenues over expenses	123,042	-	-	123,042	67,634
Purchase of capital assets	(66,611)	-	66,611	-	-
Deferred contributions received	61,245	-	(61,245)	-	-
Amortization of capital assets	51,111	-	(51,111)	-	-
Amortization of deferred contributions	(24,625)	-	24,625	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 320,658	\$ 30,000	\$ 172,226	\$ 522,885	\$ 399,843

See notes to financial statements  
Parkland Food Bank Society

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**PARKLAND FOOD BANK SOCIETY**

**Statement of Financial Position**

**December 31, 2017**

	2017	2016
<b>ASSETS</b>		
CURRENT		
Cash	\$ 375,439	\$ 221,613
Accounts receivable	19,426	433
Government remittances receivable	2,406	2,931
Prepaid expenses	3,164	4,797
	400,435	229,774
CAPITAL ASSETS (Note 3)	550,054	534,554
	<b>\$ 950,489</b>	<b>\$ 764,328</b>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 48,935	\$ 22,436
DEFERRED CONTRIBUTIONS (Note 6)	378,669	342,049
	427,604	364,485
COMMITMENTS (Note 8)		
NET ASSETS		
Unrestricted	320,658	176,496
Restricted (Note 7)	30,000	30,000
Invested in capital assets	172,226	193,346
	522,885	399,843
	<b>\$ 950,489</b>	<b>\$ 764,328</b>

**ON BEHALF OF THE BOARD**

Director

Director

**PARKLAND FOOD BANK SOCIETY****Statement of Cash Flow****Year Ended December 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 123,042	\$ 67,634
Items not affecting cash:		
Amortization of deferred contributions	(24,625)	(30,536)
Amortization of capital assets	51,112	63,222
	149,529	100,320
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	26,498	5,037
Deferred income	-	(4,138)
Prepaid expenses	1,633	4,965
Accounts receivable	(18,468)	8,358
	9,663	14,222
Cash flow from operating activities	159,192	114,542
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	(66,611)	(100,044)
<b>FINANCING ACTIVITY</b>		
Deferred contributions received	61,245	48,125
<b>INCREASE IN CASH FLOW</b>	153,826	62,623
CASH - BEGINNING OF YEAR	221,613	158,990
<b>CASH - END OF YEAR</b>	\$ 375,439	\$ 221,613



## **PARKLAND FOOD BANK SOCIETY**

### **Notes to Financial Statements**

**Year Ended December 31, 2017**

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#### **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 (ASNFPPO).

##### 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, 2017**

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#### **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

In the year of purchase, amortization on capital assets is pro-rated based on the acquisition date.

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, 2017****3. CAPITAL ASSETS**

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Buildings	\$ 540,365	\$ 126,386	\$ 413,979	\$ 431,228
Warehouse equipment	139,286	91,047	48,239	60,365
Automotive equipment	81,951	53,760	28,191	40,272
Computer software	2,624	1,724	900	1,286
Computer hardware	4,898	4,331	567	1,258
Furniture and fixtures	2,962	2,846	116	145
Building under construction	58,062	-	58,062	-
	<b>\$ 830,148</b>	<b>\$ 280,094</b>	<b>\$ 550,054</b>	<b>\$ 534,554</b>

**4. 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 2017, management estimated that approximately 589,179 pounds of food was received and distributed (485,068 pounds at \$2.50 per pound in 2016) for a total value of \$1,463,371 (2016 - \$1,212,671).

**5. DONATIONS**

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

	2017	2016
Businesses	\$ 86,461	\$ 72,354
Individuals	76,850	70,250
Other Agencies	56,700	48,345
Group of Individuals	54,769	43,889
Service Groups	17,931	19,287
Churches	7,871	7,284
	<b>\$ 300,582</b>	<b>\$ 261,409</b>

**PARKLAND FOOD BANK SOCIETY****Notes to Financial Statements****Year Ended December 31, 2017****6. 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:

	2017	2016
Balance, beginning of the year	\$ 342,049	\$ 324,459
Contributions	61,245	48,126
Amounts amortized to revenue	(24,625)	(30,536)
	<b>\$ 378,669</b>	<b>\$ 342,049</b>

**7. RESTRICTED NET ASSETS**

The Board has designated funds of \$30,000 (2016 - \$30,000) as restricted net assets. The restricted net assets consists of operating reserves of \$20,000 (2016 - \$20,000) and capital asset replacement reserves of \$10,000 (2016 - \$10,000).

**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, 2017. 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.