

**PARKLAND FOOD BANK SOCIETY**

**Financial Statements**

**Year Ended December 31, 2023**



---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of Parkland Food Bank Society

### *Qualified Opinion*

We have audited the financial statements of Parkland Food Bank Society (the Society), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Society derives revenue from donations, fundraising 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 the Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations, fundraising and donated food revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets and net assets as at January 1 and December 31 for both 2023 and 2022. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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

(continues)

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta  
April 26, 2024

  
Chartered Professional Accountants

**PARKLAND FOOD BANK SOCIETY**

**Statement of Financial Position**

**December 31, 2023**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 2,146,308	\$ 1,822,802
Guaranteed investment certificates (Note 4)	428,213	410,568
Accounts receivable	74,919	98,292
Goods and services tax recoverable	5,528	5,410
Prepaid expenses	24,993	16,830
	<u>2,679,961</u>	<u>2,353,902</u>
<b>CAPITAL ASSETS (Note 5)</b>	<u>516,116</u>	<u>531,278</u>
	<u>\$ 3,196,077</u>	<u>\$ 2,885,180</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 36,943	\$ 9,154
Deferred revenue (Note 6)	85,746	108,143
	<u>122,689</u>	<u>117,297</u>
<b>DEFERRED CONTRIBUTIONS (Note 7)</b>	<u>298,081</u>	<u>296,889</u>
	<u>420,770</u>	<u>414,186</u>
<b>NET ASSETS</b>		
Unrestricted net assets	1,557,272	1,235,761
Restricted net assets (Note 8)	1,000,000	1,000,000
Invested in capital assets	218,035	235,233
	<u>2,775,307</u>	<u>2,470,994</u>
	<u>\$ 3,196,077</u>	<u>\$ 2,885,180</u>

**ON BEHALF OF THE BOARD**

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**PARKLAND FOOD BANK SOCIETY**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2023**

	2023	2022
<b>REVENUES</b>		
Food donations in kind <i>(Note 9)</i>	\$ 2,105,956	\$ 2,416,064
Donations <i>(Note 10)</i>	940,453	1,191,928
Government grants	265,368	36,197
Fundraising	138,559	135,507
Amortization of deferred contributions <i>(Note 7)</i>	17,900	17,073
Interest income	43,335	6,757
	<u>3,511,571</u>	<u>3,803,526</u>
<b>EXPENSES</b>		
Amortization	34,981	37,193
Automotive	7,703	11,808
Food donations in kind <i>(Note 9)</i>	2,105,956	2,416,064
Fundraising	28,031	17,261
Insurance	27,916	24,166
Office	40,922	29,523
Professional fees	21,741	14,098
Repairs and maintenance	33,565	13,021
Rent	35,425	15,580
Salaries and wages	492,577	330,322
Supplies	331,514	230,959
Telephone	6,110	4,771
Utilities	25,658	14,756
Volunteer appreciation	2,854	2,048
Waste removal	12,305	8,495
	<u>3,207,258</u>	<u>3,170,065</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 304,313</u>	<u>\$ 633,461</u>

**PARKLAND FOOD BANK SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2023**

	Unrestricted Net Assets	Restricted Net Assets (Note 8)	Invested in Capital Assets	2023	2022
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,235,761	\$ 1,000,000	\$ 235,233	\$ 2,470,994	\$ 1,837,533
Excess (deficiency) of revenues over expenses	321,394	-	(17,081)	304,313	633,461
Interfund transfers	117	-	(117)	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 1,557,272	\$ 1,000,000	\$ 218,035	\$ 2,775,307	\$ 2,470,994

**PARKLAND FOOD BANK SOCIETY**

**Statement of Cash Flows**

**Year Ended December 31, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 304,313	\$ 633,461
Items not affecting cash:		
Amortization of capital assets	34,981	37,193
Amortization of deferred contributions	(17,900)	(17,073)
	<u>321,394</u>	<u>653,581</u>
Changes in non-cash working capital:		
Accounts receivable	23,373	(4,954)
Goods and services tax recoverable	(118)	2,616
Prepaid expenses	(8,163)	7,382
Accounts payable and accrued liabilities	27,787	(43,554)
Deferred revenue	(3,305)	108,143
Interest accrued on guaranteed investment certificates	(3,999)	-
	<u>35,575</u>	<u>69,633</u>
Cash flow from operating activities	<u>356,969</u>	<u>723,214</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(19,817)	(29,338)
Purchase of guaranteed investment certificates	(417,824)	-
Proceeds on the maturation of guaranteed investment certificates	404,178	-
Cash flow used by investing activities	<u>(33,463)</u>	<u>(29,338)</u>
<b>INCREASE IN CASH FLOW</b>	<b>323,506</b>	<b>693,876</b>
Cash - beginning of year	<u>1,822,802</u>	<u>1,128,926</u>
<b>CASH - END OF YEAR</b>	<b>\$ 2,146,308</b>	<b>\$ 1,822,802</b>

## PARKLAND FOOD BANK SOCIETY

### Notes to Financial Statements

Year Ended December 31, 2023

---

#### 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

##### Basis of presentation

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 private enterprises 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. Estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Estimates made by management include the useful lives of tangible capital assets and the value of gifts in-kind.

##### Financial instruments

###### Initial measurement

The Society initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involved parties whose sole relationship with the Society is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the company in the transaction.

###### Subsequent measurement

The Society subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost include cash, guaranteed investment certificates, and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

###### Impairment

(continues)

---



## PARKLAND FOOD BANK SOCIETY

### Notes to Financial Statements

Year Ended December 31, 2023

---

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

For financial assets measured at cost or amortized cost, the Society determines whether there are indications of possible impairment. When there are, and the Society determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

##### Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

##### 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 acquisition date. The Society regularly reviews its capital assets to eliminate obsolete items.

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

##### Long-lived Assets

Long-lived assets consist of land. Long-lived assets held for use are measured as described in the above accounting policy.

When a long-lived asset no longer contributes to the Society's ability to provide services, the net carrying amount is written down to the asset's fair value or replacement cost. The write-downs of long lived assets are accounted for as expenses in the statement of operations. A write-down is not reversed.

##### 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.

*(continues)*

---

**PARKLAND FOOD BANK SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2023**

---

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

Revenue recognition

Parkland Food Bank 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 \$5.70 per kilogram based on the Food Banks Canada national valuation standard.

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

Donated services and rent

Volunteers and board members contribute significant time to assist the Society in carrying out its activities during the year. The land that the Society has its building on is owned by the City of Spruce Grove and is donated to the Society at a nil cost per year. Due to the difficulty of determining their fair value, contributed services and rent are not recognized in these statements.

---

## PARKLAND FOOD BANK SOCIETY

### Notes to Financial Statements

Year Ended December 31, 2023

#### 3. 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, 2023.

##### Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its obligations associated with financial liabilities. Cash flow is dependant on donations. As such, there is a risk that the community will not donate sufficient cash to meet the Society's obligations. This risk is mitigated as the Society can reduce distributions during times with low donations.

##### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through low risk investments. The Society is exposed to interest rate risk through its guaranteed investment certificates.

#### 4. GUARANTEED INVESTMENT CERTIFICATES

The guaranteed investment certificates include accrued interest, bear interest at rates ranging from 4% to 4.3%, and mature between February 2024 and August 2024.

#### 5. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value
Buildings	\$ 703,135	\$ 235,157	\$ 467,978
Warehouse equipment	189,994	157,658	32,336
Automotive equipment	103,808	94,119	9,689
Computer software	11,216	7,755	3,461
Computer hardware	17,182	14,939	2,243
Furniture and fixtures	4,244	3,835	409
	<u>\$ 1,029,579</u>	<u>\$ 513,463</u>	<u>\$ 516,116</u>

	Cost	Accumulated amortization	2022 Net book value
Buildings	\$ 703,135	\$ 218,268	\$ 484,867
Warehouse equipment	170,177	148,047	22,130
Automotive equipment	103,808	89,967	13,841
Computer software	11,216	6,272	4,944
Computer hardware	17,182	12,197	4,985
Furniture and fixtures	4,244	3,733	511
	<u>\$ 1,009,762</u>	<u>\$ 478,484</u>	<u>\$ 531,278</u>

The land that the building is on is owned by the City of Spruce Grove and the associated lease is donated to the Society at no cost. The lease expires December 31, 2029.

**PARKLAND FOOD BANK SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2023**

**6. DEFERRED REVENUE**

Deferred revenue represents amounts received for which the specific expenditures have not been incurred. The amounts will be recognized as revenue when the specific expenditures are incurred.

	<b>2023</b>	<b>2022</b>
Balance at beginning of the year	\$ 108,143	\$ -
Contributions received	262,063	131,630
Recognized as revenue	(265,368)	(23,487)
Transfer to deferred contributions	(19,092)	-
	<b>\$ 85,746</b>	<b>\$ 108,143</b>

Deferred revenue is comprised as follows:

Family and Community Support Services Association of Alberta Grant (2023)	\$ 60,000	\$ -
AGLC - Casino	22,746	14,631
Community Initiatives Program Grant	3,000	-
Family and Community Support Services Association of Alberta Grant (2023)	-	60,000
Food Banks Canada Capacity Boost Grant	-	19,092
Externally restricted donation for rent expense	-	14,420
	<b>\$ 85,746</b>	<b>\$ 108,143</b>

**7. 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:

	<b>2023</b>	<b>2022</b>
Balance, beginning of the year	\$ 296,889	\$ 313,962
Contributions	19,092	-
Amounts amortized to revenue	(17,900)	(17,073)
	<b>\$ 298,081</b>	<b>\$ 296,889</b>

**8. RESTRICTED NET ASSETS**

The Board of Directors has designated funds of \$1,000,000 (2022 - \$1,000,000) as restricted net assets. The restricted net assets consists of operating reserves of \$200,000 (2022 - \$200,000) and capital asset replacement reserves of \$800,000 (2022 - \$800,000). In 2023 the council approved transfers of \$nil (2022 - \$nil) from the unrestricted fund to this fund.

**PARKLAND FOOD BANK SOCIETY**

**Notes to Financial Statements**

**Year Ended December 31, 2023**

---

**9. FOOD DONATIONS IN KIND**

Contributions of materials and services are recognized when a fair value can be reasonably estimated and when materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.

The food donations are valued at an average price per kilogram of \$5.70 based on the Food Banks of Canada national valuation standard. In 2023, management estimated that approximately 369,466 kilograms of food was received and distributed (2022 - 423,871 kilograms at a rate of \$5.70 per kilogram) for a total value of \$2,105,956 (2022 - \$2,416,064). Effective January 1, 2024, the Society increased the average price per kilogram to \$7.76 to adjust for inflation.

---

**10. DONATIONS**

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

	<b>2023</b>	<b>2022</b>
Businesses	\$ 269,005	\$ 589,047
Individuals	366,310	420,947
Other agencies	305,138	181,934
	<b>\$ 940,453</b>	<b>\$ 1,191,928</b>

---

**11. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

---

