

PARKLAND FOOD BANK SOCIETY

Financial Statements

Year Ended December 31, 2024



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, 2024, 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, 2024, and the results of its operations and 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, our 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, 2024 and 2023, current assets and net assets as at January 1 and December 31 for both 2024 and 2023. Our audit opinion on the financial statements for the year ended December 31, 2023 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 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.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report. The Annual Report is expected to be made available to us after the date of this auditors report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it become available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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 related 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.

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.

PARKLAND FOOD BANK SOCIETY

Statement of Financial Position

December 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 2,531,540	\$ 2,146,308
Guaranteed investment certificates (Note 4)	445,721	428,213
Accounts receivable	117,058	74,919
Goods and services tax recoverable	5,088	5,528
Prepaid expenses	20,044	24,993
	<u>3,119,451</u>	<u>2,679,961</u>
CAPITAL ASSETS (Note 5)	<u>484,939</u>	<u>516,116</u>
	<u>\$ 3,604,390</u>	<u>\$ 3,196,077</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 26,436	\$ 36,943
Deferred revenue (Note 6)	45,991	85,746
	<u>72,427</u>	<u>122,689</u>
DEFERRED CONTRIBUTIONS (Note 7)	<u>279,727</u>	<u>298,081</u>
	<u>352,154</u>	<u>420,770</u>
NET ASSETS		
Unrestricted net assets	1,847,024	1,557,272
Restricted net assets (Note 8)	1,200,000	1,000,000
Invested in capital assets	205,212	218,035
	<u>3,252,236</u>	<u>2,775,307</u>
	<u>\$ 3,604,390</u>	<u>\$ 3,196,077</u>

SUBSEQUENT EVENT (Note 11)

ON BEHALF OF THE BOARD

 _____ Director

 _____ Director

PARKLAND FOOD BANK SOCIETY
Statement of Revenues and Expenditures
Year Ended December 31, 2024

	2024	2023
REVENUES		
Food donations in kind <i>(Note 9)</i>	\$ 2,859,364	\$ 2,105,956
Donations <i>(Note 10)</i>	1,385,659	940,453
Government grants	106,697	265,368
Fundraising	122,318	138,559
Amortization of deferred contributions <i>(Note 7)</i>	18,354	17,900
Interest income	51,441	43,335
	<u>4,543,833</u>	<u>3,511,571</u>
EXPENSES		
Amortization	31,175	34,981
Automotive	10,323	7,703
Food donations in kind <i>(Note 9)</i>	2,859,364	2,105,956
Fundraising	26,373	28,031
Insurance	29,040	27,916
Office	26,001	40,922
Professional fees	25,375	21,741
Repairs and maintenance	37,592	33,565
Rent	38,625	35,425
Salaries and wages	558,106	492,577
Supplies	383,465	331,514
Telephone	6,691	6,110
Utilities	21,659	25,658
Volunteer appreciation	2,176	2,854
Waste removal	10,939	12,305
	<u>4,066,904</u>	<u>3,207,258</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 476,929</u>	<u>\$ 304,313</u>

PARKLAND FOOD BANK SOCIETY

Statement of Changes in Net Assets

Year Ended December 31, 2024

	Unrestricted Net	Restricted Net	Invested in		
	Assets	Assets	Capital Assets	2024	2023
		(Note 8)			
NET ASSETS -					
 BEGINNING OF					
 YEAR	\$ 1,557,272	\$ 1,000,000	\$ 218,035	\$ 2,775,307	\$ 2,470,994
Excess (deficiency) of					
revenues over expenses	489,752	-	(12,823)	476,929	304,313
Transfers	(200,000)	200,000	-	-	-
NET ASSETS - END OF					
 YEAR	\$ 1,847,024	\$ 1,200,000	\$ 205,212	\$ 3,252,236	\$ 2,775,307

PARKLAND FOOD BANK SOCIETY

Statement of Cash Flows
Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 476,929	\$ 304,313
Items not affecting cash:		
Amortization of capital assets	31,175	34,981
Amortization of deferred contributions	(18,352)	(17,900)
	<u>489,752</u>	<u>321,394</u>
Changes in non-cash working capital:		
Accounts receivable	(42,139)	23,373
Goods and services tax recoverable	440	(118)
Prepaid expenses	4,949	(8,163)
Accounts payable and accrued liabilities	(10,509)	27,787
Deferred revenue	(39,752)	(3,305)
Interest accrued on guaranteed investment certificates	3,194	(3,999)
	<u>(83,817)</u>	<u>35,575</u>
Cash flow from operating activities	<u>405,935</u>	<u>356,969</u>
INVESTING ACTIVITIES		
Purchase of capital assets	-	(19,817)
Purchase of guaranteed investment certificates	(620,040)	(417,824)
Proceeds on the maturation of guaranteed investment certificates	599,337	404,178
Cash flow used by investing activities	<u>(20,703)</u>	<u>(33,463)</u>
INCREASE IN CASH FLOW	385,232	323,506
Cash - beginning of year	<u>2,146,308</u>	<u>1,822,802</u>
CASH - END OF YEAR	<u>\$ 2,531,540</u>	<u>\$ 2,146,308</u>

PARKLAND FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2024

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.

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. 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 Society 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

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.

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PARKLAND FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2024

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

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 less accumulated amortization and 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 buildings. 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.

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 \$7.76 (2023: \$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.

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PARKLAND FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2024

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

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.

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, 2024.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting 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 3.0% to 4.2%, and mature in August 2025.

PARKLAND FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2024

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value
Buildings	\$ 703,135	\$ 251,371	\$ 451,764
Warehouse equipment	189,994	167,359	22,635
Automotive equipment	103,808	97,026	6,782
Computer software	11,216	8,794	2,422
Computer hardware	17,182	16,173	1,009
Furniture and fixtures	4,244	3,917	327
	\$ 1,029,579	\$ 544,640	\$ 484,939

	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
	\$ 1,029,579	\$ 513,463	\$ 516,116

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.

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.

	2024	2023
Balance at beginning of the year	\$ 85,746	\$ 108,143
Contributions received	26,098	262,063
Recognized as revenue	(65,853)	(265,368)
Transfer to deferred contributions	-	(19,092)
	\$ 45,991	\$ 85,746
 <u>Deferred revenue is comprised as follows:</u>		
AGLC - Casino	\$ 45,991	\$ 22,746
Family and Community Support Services Association of Alberta Grant	-	60,000
Community Initiatives Program Grant	-	3,000
	\$ 45,991	\$ 85,746

PARKLAND FOOD BANK SOCIETY

Notes to Financial Statements

Year Ended December 31, 2024

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:

	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 298,081	\$ 296,889
Contributions	-	19,092
Amounts amortized to revenue	<u>(18,354)</u>	<u>(17,900)</u>
	<u>\$ 279,727</u>	<u>\$ 298,081</u>

8. RESTRICTED NET ASSETS

The Board of Directors has designated funds of \$1,200,000 (2023 - \$1,000,000) as restricted net assets. In 2024 the council approved transfers of \$200,000 (2023 - \$nil) from the unrestricted fund to this fund.

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 \$7.76 based on the Food Banks of Canada national valuation standard. In 2024, management estimated that approximately 368,475 kilograms of food was received and distributed (2023 - 369,466 kilograms at a rate of \$5.70 per kilogram) for a total value of \$2,859,364 (2023 - \$2,105,956).

10. DONATIONS

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

	<u>2024</u>	<u>2023</u>
Businesses	\$ 267,988	\$ 269,005
Individuals	807,116	366,310
Other agencies	<u>310,555</u>	<u>305,138</u>
	<u>\$ 1,385,659</u>	<u>\$ 940,453</u>

11. SUBSEQUENT EVENT

Subsequent to year end a contract was signed for \$1,200,000 plus GST for the purchase of land. An initial deposit of \$50,000 was made and was funded from the restricted net assets.
