

STRATHCONA FOOD BANK

Financial Statements

Year Ended December 31, 2023

STRATHCONA FOOD BANK
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Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Strathcona Food Bank

Opinion

We have audited the financial statements of Strathcona Food Bank (the association), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the association as at December 31, 2023, 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 Opinion

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 association 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 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 association'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 association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the association'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:

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Independent Auditor's Report to the To the Members of Strathcona Food Bank (continued)

- 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 association'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 association'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 association 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.

King + Company

Edmonton, AB
June 18, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

STRATHCONA FOOD BANK**Statement of Operations****Year Ended December 31, 2023**

	2023	2022
REVENUE		
Donations	\$ 785,845	\$ 640,469
Grants <i>(Note 6)</i>	214,080	7,245
Interest	41,787	16,875
	<u>1,041,712</u>	<u>664,589</u>
EXPENSES		
Hamper purchases	362,590	192,896
Rent	130,723	114,411
Administration	40,485	19,913
Grant funds utilized	32,910	-
Amortization of capital assets	31,526	30,171
Hamper handling	19,085	16,254
Building repairs and maintenance	17,520	12,022
Vehicle	10,965	9,300
Professional fees	8,000	10,000
Volunteer appreciation	5,445	9,568
Insurance	2,747	2,764
Loss on disposal of capital assets	-	468
	<u>661,996</u>	<u>417,767</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 379,716</u>	<u>\$ 246,822</u>

STRATHCONA FOOD BANK
Statement of Changes in Net Assets
Year Ended December 31, 2023

	Invested in Capital Assets	Internally Restricted (Note 7)	Unrestricted	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 100,615	\$ 2,048,759	\$ 100,000	\$ 2,249,374	\$ 2,002,552
Excess (deficiency) of revenue over expenses	(31,526)	(77,031)	488,273	379,716	246,822
Transfers	-	472,292	(472,292)	-	-
Purchase of capital assets	15,981	-	(15,981)	-	-
NET ASSETS - END OF YEAR	\$ 85,070	\$ 2,444,020	\$ 100,000	\$ 2,629,090	\$ 2,249,374

STRATHCONA FOOD BANK
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Cash receipts from donations and grants	\$ 1,003,046	\$ 689,631
Interest received	41,787	16,875
Cash paid to suppliers	<u>(555,438)</u>	<u>(360,335)</u>
Cash flow from operating activities	<u>489,395</u>	<u>346,171</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(15,981)	(10,127)
Purchase of term deposits, net	<u>(564,862)</u>	<u>(291,872)</u>
Cash flow used by investing activities	<u>(580,843)</u>	<u>(301,999)</u>
INCREASE (DECREASE) IN CASH	(91,448)	44,172
CASH - BEGINNING OF YEAR	<u>364,528</u>	<u>320,356</u>
CASH - END OF YEAR	<u>\$ 273,080</u>	<u>\$ 364,528</u>

NATURE OF OPERATIONS

Strathcona Food Bank Association is a organization that helps alleviate hunger by providing food hampers to residents of the Strathcona County area who are experiencing financial difficulties. The association was incorporated under the Societies act of Alberta in 1983 and is a registered charity under the Income Tax Act.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Revenue Recognition

The association follows the deferral method of accounting for contributions which include, donations and grants.

Restricted contributions are recognized in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred contributions that are restricted for the acquisition of tangible capital assets are deferred and recognized on the same basis as the amortization of the related tangible capital asset.

Revenue from all other sources is included in revenue in the year in which it is received or receivable and collection is reasonably assured.

Financial Instruments

Initial Measurement

The association 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 involve parties whose sole relationship with the association 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 association in the transaction.

Subsequent Measurement

The association 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 earnings in the period incurred.

Financial assets measured at amortized cost using the straight-line method include cash, goods and services tax receivable and term deposits.

Financial liabilities measured at amortized cost using the straight-line method include accounts payable and accrued liabilities.

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STRATHCONA FOOD BANK

Notes to Financial Statements

Year Ended December 31, 2023

1. 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 earnings 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 earnings over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the company determines whether there are indications of possible impairment. When there are, and the association 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 earnings. 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 earnings.

Cash

Cash is comprised of cash held with financial institutions.

Capital Assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Furniture and equipment	20%	straight-line method
Vehicles	30%	straight-line method
Computer equipment	55%	straight-line method
Leasehold improvements	4%	straight-line method

The association regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

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

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.

STRATHCONA FOOD BANK
Notes to Financial Statements
Year Ended December 31, 2023

2. CASH

Cash is restricted for the following:

	<u>2023</u>	<u>2022</u>
Internally restricted for operations fund (Note 7)	\$ 123,758	\$ 216,328
Unrestricted	66,232	105,835
Externally restricted for deferred contributions (Note 6)	<u>47,090</u>	<u>42,365</u>
	<u>\$ 237,080</u>	<u>\$ 364,528</u>

3. PREPAID EXPENSES

	<u>2023</u>	<u>2022</u>
<u>Gift Cards</u>		
Other	\$ 1,124	\$ 687
Safeway and Sobeys	370	41,039
Save on Foods	<u>353</u>	<u>37,152</u>
	<u>1,847</u>	<u>78,878</u>
 <u>Other</u>		
Damage deposit	<u>1,500</u>	<u>1,500</u>
 Grand Total	 <u>\$ 3,347</u>	 <u>\$ 80,378</u>

4. TERM DEPOSITS

Term deposits are a mix of redeemable and non-redeemable, maturing between February 2024 and July 2025, with interest rates between 1.75% and 5.00%. \$268,415 (2022 - \$153,553) is internally restricted for the operations fund. \$2,050,000 (2022 - \$1,600,000) is internally restricted for the capital acquisitions fund.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Furniture and equipment	\$ 76,305	\$ 37,822	\$ 38,483	\$ 32,718
Computer equipment	2,924	2,924	-	-
Leasehold improvements	61,612	21,306	40,306	42,771
Vehicle	62,815	56,534	6,281	25,126
	<u>\$ 203,656</u>	<u>\$ 118,586</u>	<u>\$ 85,070</u>	<u>\$ 100,615</u>

STRATHCONA FOOD BANK
Notes to Financial Statements
Year Ended December 31, 2023

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent contributions received for specific purposes which have not yet been expended. Changes in the deferred contributions balance are as follows:

	Other	Community Services Recovery Fund	2023	2022
Balance, beginning of year	\$ 42,365	\$ -	\$ 42,365	\$ -
Contributions received	138,805	80,000	218,805	49,610
Revenue recognized	(181,170)	(32,910)	(214,080)	(7,245)
Balance, end of year	\$ -	\$ 47,090	\$ 47,090	\$ 42,365

7. INTERNALLY RESTRICTED NET ASSETS

During the year, the Board internally restricted net assets for the following:

	2023	2022
Capital acquisitions fund	\$ 2,050,000	\$ 1,600,000
Operations fund	392,173	369,881
Gift card fund	1,847	78,878
	<u>\$ 2,444,020</u>	<u>\$ 2,048,759</u>

The funds cannot be utilized without Board approval.

8. COMMITMENTS

The association is committed to the following minimum annual rent excluding occupancy expenses under lease for the association's premises:

2024	\$ 99,538
2025	99,538
2026	7,064
	<u>\$ 206,140</u>

9. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. However, management has determined that the association is not exposed to any significant risks as of December 31, 2023.