

EDMONTON GLEANERS ASSOCIATION
(Operating as Edmonton's Food Bank)

Financial Statements

For the Year Ended December 31, 2022

INDEPENDENT AUDITORS' REPORT

To the Members of Edmonton Gleaners Association

Qualified Opinion

We have audited the financial statements of Edmonton Gleaners Association (the Association), which comprise the statement of financial position as at December 31, 2022, 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, 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 Association as at December 31, 2022, 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.

Basis for Qualified Opinion

The Association derives revenue from donations and food donations in-kind, the completeness and existence 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 Association and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association 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 those 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 Association'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 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.

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Independent Auditors' Report to the Members of Edmonton Gleaners Association (*continued*)

Auditors' 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 auditors' 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 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 auditors' 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 auditors' 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
April 25, 2023

EDMONTON GLEANERS ASSOCIATION

Operating as Edmonton's Food Bank

Statement of Financial Position

As At December 31, 2022

| | 2022 | 2021 |
|--|----------------------|----------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents <i>(Note 3)</i> | \$ 7,044,943 | \$ 8,508,996 |
| Short term investments <i>(Note 4)</i> | - | 623,776 |
| Accounts receivable | 650,272 | 521,816 |
| Prepaid expenses | 49,816 | 37,058 |
| Gift certificates on hand | 70,784 | 50,582 |
| | 7,815,815 | 9,742,228 |
| LONG TERM INVESTMENTS <i>(Note 5)</i> | 7,698,518 | 5,041,706 |
| TANGIBLE CAPITAL ASSETS <i>(Note 6)</i> | 8,193,754 | 6,379,476 |
| INTANGIBLE ASSETS | 37,932 | 10,250 |
| | \$ 23,746,019 | \$ 21,173,660 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities <i>(Note 7)</i> | \$ 746,741 | \$ 332,338 |
| Current portion of long term debt <i>(Note 10)</i> | 65,030 | - |
| | 811,771 | 332,338 |
| DEFERRED CONTRIBUTIONS <i>(Note 8)</i> | 280,000 | 79,166 |
| DEFERRED CAPITAL CONTRIBUTIONS <i>(Note 9)</i> | 819,749 | 910,093 |
| LONG TERM DEBT <i>(Note 10)</i> | 1,224,548 | - |
| | 3,136,068 | 1,321,597 |
| NET ASSETS | | |
| Invested in tangible capital assets | 6,089,428 | 5,479,383 |
| Internally restricted for | | |
| Tangible capital assets reserve | 1,100,000 | 1,100,000 |
| Legacy reserve | 457,396 | 457,396 |
| Food purchase reserve | 3,040,000 | 3,040,000 |
| Emergency reserve | 3,539,500 | 3,040,000 |
| Unrestricted net assets | 6,383,627 | 6,735,284 |
| | 20,609,951 | 19,852,063 |
| | \$ 23,746,019 | \$ 21,173,660 |

The accompanying notes are an integral part of these financial statements.

EDMONTON GLEANERS ASSOCIATION**Statement of Operations****For The Year Ended December 31, 2022**

| | 2022 | 2021 |
|--|-------------------|---------------------|
| REVENUE | | |
| Food donations-in-kind (Note 12) | \$ 35,488,374 | \$ 31,812,964 |
| Contributions | 9,444,019 | 8,277,352 |
| Foundations' donations | 1,647,187 | 1,397,335 |
| Amortization of deferred capital contributions (Note 9) | 104,406 | 93,851 |
| United Way | 91,297 | 134,800 |
| Grants | 65,442 | 372,436 |
| Interest, investment and sundry income | 63,190 | 157,710 |
| | <u>46,903,915</u> | <u>42,246,448</u> |
| EXPENSES | | |
| Food donations-in-kind (Note 12) | 35,488,374 | 31,812,964 |
| Salaries and employee benefits | 3,832,470 | 3,413,013 |
| Food purchases | 3,180,966 | 2,103,122 |
| Transportation and warehouse operations | 991,688 | 1,248,608 |
| Amortization of tangible and intangible assets | 608,509 | 535,977 |
| Occupancy | 568,296 | 491,700 |
| Fundraising and resource development | 413,596 | 363,619 |
| Office and administration | 147,922 | 171,561 |
| Communications and information technology | 127,542 | 118,140 |
| Beyond Food and partnership distribution | 66,926 | 27,164 |
| Education and training | 64,512 | 51,973 |
| | <u>45,490,801</u> | <u>40,337,841</u> |
| EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS | <u>1,413,114</u> | <u>1,908,607</u> |
| OTHER INCOME | | |
| Unrealized gain (loss) on changes in market value of investments | (643,374) | 40,686 |
| Loss on disposal of tangible capital assets | (10,945) | - |
| Realized gain (loss) on disposal of investments | (907) | 17,148 |
| | <u>(655,226)</u> | <u>57,834</u> |
| EXCESS OF REVENUE OVER EXPENSES | <u>\$ 757,888</u> | <u>\$ 1,966,441</u> |

The accompanying notes are an integral part of these financial statements.

EDMONTON GLEANERS ASSOCIATION

Operating as Edmonton's Food Bank

Statement of Changes in Net Assets

For The Year Ended December 31, 2022

| | Invested in Tangible Capital Assets | Tangible Capital Assets Reserve | Legacy Reserve | Food Purchase Reserve | Emergency Reserve | Unrestricted | 2022 | 2021 |
|---|---|------------------------------------|-------------------|--------------------------|----------------------|---------------------|----------------------|----------------------|
| Net assets, beginning of year | \$ 5,479,383 | \$ 1,100,000 | \$ 457,396 | \$ 3,040,000 | \$ 3,040,000 | \$ 6,735,284 | \$ 19,852,063 | \$ 17,885,622 |
| Excess of revenue over expenses | - | - | - | - | - | 757,888 | 757,888 | 1,966,441 |
| Purchase of tangible capital assets | 2,438,180 | - | - | - | - | (2,438,180) | - | - |
| Amortization of tangible capital assets | (595,182) | - | - | - | - | 595,182 | - | - |
| Loss on disposal of tangible capital assets | (10,945) | - | - | - | - | 10,945 | - | - |
| Proceeds on disposal of tangible capital assets | (17,775) | - | - | - | - | 17,775 | - | - |
| Receipt of deferred capital contributions | (14,061) | - | - | - | - | 14,061 | - | - |
| Amortization of deferred capital contributions (Note 9) | 99,406 | - | - | - | - | (99,406) | - | - |
| Proceeds from long term debt financing | (1,300,000) | - | - | - | - | 1,300,000 | - | - |
| Repayment of long term debt | 10,422 | - | - | - | - | (10,422) | - | - |
| Interfund transfers | - | - | - | - | 499,500 | (499,500) | - | - |
| Net assets, end of year | \$ 6,089,428 | \$ 1,100,000 | \$ 457,396 | \$ 3,040,000 | \$ 3,539,500 | \$ 6,383,627 | \$ 20,609,951 | \$ 19,852,063 |

The accompanying notes are an integral part of these financial statements.

EDMONTON GLEANERS ASSOCIATION**Statement of Cash Flows****For The Year Ended December 31, 2022**

| | 2022 | 2021 |
|---|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenses | \$ 757,888 | \$ 1,966,441 |
| Items not affecting cash: | | |
| Amortization of tangible capital assets | 595,182 | 530,852 |
| Amortization of intangible assets | 13,327 | 5,125 |
| Gain on disposal of tangible capital assets | 10,945 | - |
| Realized (gain) loss on disposal of investments | 907 | (17,148) |
| Amortization of deferred capital contributions | (104,406) | (93,851) |
| Unrealized gain on changes in market value of investments | 643,374 | (40,686) |
| | <u>1,917,217</u> | <u>2,350,733</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | (128,456) | 6,747 |
| Prepaid expenses | (12,758) | 39,111 |
| Gift certificates on hand | (20,202) | (6,127) |
| Accounts payable and accrued liabilities | 414,403 | (21,919) |
| Deferred contributions | 200,834 | (20,367) |
| | <u>453,821</u> | <u>(2,555)</u> |
| Cash flow from operating activities | <u>2,371,038</u> | <u>2,348,178</u> |
| INVESTING ACTIVITIES | | |
| Purchase of tangible capital assets | (2,438,180) | (814,802) |
| Proceeds on disposal of tangible capital assets | 17,775 | - |
| Purchase of intangible assets | (42,100) | - |
| Net change in short term investments | 623,775 | 5,146,217 |
| Purchase of long term investments | (3,300,000) | (5,000,000) |
| Withdrawal of long term investments | - | 895,107 |
| | <u>(5,138,730)</u> | <u>226,522</u> |
| Cash flow from (used by) investing activities | <u>(5,138,730)</u> | <u>226,522</u> |
| FINANCING ACTIVITIES | | |
| Receipt of deferred capital contributions (Note 9) | 14,061 | 179,742 |
| Proceeds from long term financing | 1,300,000 | - |
| Repayment of long term debt | (10,422) | - |
| | <u>1,303,639</u> | <u>179,742</u> |
| Cash flow from financing activities | <u>1,303,639</u> | <u>179,742</u> |
| INCREASE (DECREASE) IN CASH FLOW | (1,464,053) | 2,754,442 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>8,508,996</u> | <u>5,754,554</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR (Note 3) | \$ 7,044,943 | \$ 8,508,996 |

The accompanying notes are an integral part of these financial statements.

EDMONTON GLEANERS ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2022

1. NATURE OF OPERATIONS

Edmonton Gleaners Association (the "Association") was incorporated under the *Societies Act* of Alberta on January 16, 1981. The Association's principal business activity is to be stewards in the collection of surplus and donated food for the effective distribution, free of charge, to people in need in our community. The Association operates under the name "Edmonton's Food Bank". The Association is designated as a charitable organization under the *Income Tax Act (Canada)* and therefore is exempt from income taxes.

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 (ASNPO), Part III of the Chartered Professional Accountants of Canada Handbook as issued by the Canadian Accounting Standards Board.

Revenue recognition

The Association 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 tangible capital assets and capital contributions received are initially deferred and recognized as revenue on the same basis as the useful life. Donated tangible capital assets not subject to amortization are recorded as direct increase to Association's Net Assets.

Donations received in kind are recorded at estimated fair market value at the date the donation is made.

Food donations-in-kind are recorded at \$7.07 per kilogram based on the Food Banks Canada national valuation standard.

Investment income, which consist of interest, dividends, income distributions from pooled funds and realized and unrealized gains and losses, is recognized in the statement of operations.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with a maturity of three months or less from the date of acquisition.

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EDMONTON GLEANERS ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

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

| | | |
|------------------------|-----|--------------------------|
| Land | | non-amortizable |
| Buildings | 4% | declining balance method |
| Equipment | 20% | declining balance method |
| Automotive | 30% | declining balance method |
| Computers and software | 30% | declining balance method |
| Parking lot | 8% | declining balance method |

The Association regularly reviews its tangible capital assets to eliminate obsolete items.

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

Intangible assets

The cost of the website development is being amortized on a straight-line basis over its estimated useful life of five years.

Reserve policy

The Association maintains the following internally restricted reserves:

Tangible Capital Assets Reserve - designated to fund major capital expenditures. Examples of major capital expenditures may include building renovations, equipment and vehicle purchases or repairs.

Legacy Reserve - consists of donations left to the Association from estates. In consultation with the family members and other major funders, these gifts are invested to ensure long term benefits for the people served within the organization.

Food Purchase Reserve - designated for the purchase of food when food supplies and financial donations are inadequate to meet client requirements.

Emergency Reserve - designed to protect the Association against unexpected demands on its resources arising from the occurrence of negative events including natural disasters.

Donated services

Volunteer hours representing fundraising, special events, administrative and warehouse activity are not reflected in these financial statements as the fair value of these services cannot be reasonably estimated.

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EDMONTON GLEANERS ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2022

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

Measurement uncertainty

The preparation of financial statements in accordance 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, the disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management's estimates include the useful lives of tangible capital assets and the corresponding rates of amortization, the amount of accrued liabilities, and assessment of the value of donated food and other products. All estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

Food purchases and inventory

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

Financial instruments policy

Financial instruments 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 tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The Association's financial instruments consist of cash and cash equivalents, gift certificates on hand, short term investments, accounts receivable, long term investments, accounts payable, vacation and overtime payable, and accrued liabilities. It is management's opinion that the Association is not exposed to significant currency or credit risks arising from these financial instruments.

3. CASH AND CASH EQUIVALENTS

| | <u>2022</u> | <u>2021</u> |
|--------------------------------|---------------------|---------------------|
| Scotiabank - operating account | \$ 2,673,753 | \$ 1,791,247 |
| Servus - savings account | 2,659,075 | - |
| Servus Credit Union-Chequing | 1,260,520 | 5,009,571 |
| Undeposited funds on hand | 354,451 | 248,544 |
| Scotia iTrade - cash account | 56,986 | 102,205 |
| CIBC - operating account | 21,532 | 541,339 |
| Scotiabank - savings account | 18,556 | 816,020 |
| Cash on hand | 70 | 70 |
| | <u>\$ 7,044,943</u> | <u>\$ 8,508,996</u> |

EDMONTON GLEANERS ASSOCIATION**Notes to Financial Statements****For the Year Ended December 31, 2022****4. SHORT TERM INVESTMENTS**

| | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------------|
| Guaranteed Investment Certificates | \$ - | \$ 571,821 |
| Scotia iTrade equities (book value - \$51,907) | - | 51,955 |
| | <u>\$ -</u> | <u>\$ 623,776</u> |

Guaranteed Investment Certificates bore interest ranging from 0.3% to 0.9% and matured on January 21, 2022 and April 18, 2022.

Scotia iTrade Investments are held at fair market value.

5. LONG TERM INVESTMENTS

| | <u>2022</u> | <u>2021</u> |
|------------|---------------------|---------------------|
| ATB Wealth | <u>\$ 7,698,518</u> | <u>\$ 5,041,706</u> |

ATB Wealth investment portfolio is presented at fair market value and consists of funds invested in Canadian, US and Global equity and fixed income securities.

6. TANGIBLE CAPITAL ASSETS

| | Cost | Accumulated amortization | 2022 Net book value | 2021 Net book value |
|------------------------|----------------------|-----------------------------|------------------------------------|---------------------------|
| Buildings | \$ 7,441,086 | \$ 1,522,329 | \$ 5,918,757 | \$ 4,078,069 |
| Land | 879,102 | - | 879,102 | 879,102 |
| Automotive | 2,071,493 | 1,347,084 | 724,409 | 690,697 |
| Equipment | 1,259,735 | 754,412 | 505,323 | 537,946 |
| Parking lot | 205,614 | 77,653 | 127,961 | 139,088 |
| Computers and software | 213,061 | 174,859 | 38,202 | 54,574 |
| | <u>\$ 12,070,091</u> | <u>\$ 3,876,337</u> | <u>\$ 8,193,754</u> | <u>\$ 6,379,476</u> |

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | <u>2022</u> | <u>2021</u> |
|---|--------------------------|-------------------|
| Trades payables and accrued liabilities | \$ 561,861 | \$ 149,877 |
| Vacation and overtime payable | 113,583 | 124,281 |
| Wages payable | 53,393 | 44,191 |
| Payroll withholding taxes | 17,904 | 13,989 |
| | <u>\$ 746,741</u> | <u>\$ 332,338</u> |

EDMONTON GLEANERS ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2022

8. DEFERRED CONTRIBUTIONS

All of the deferred contributions to the Association have been designated for a specific use. These amounts are recognized as revenue as related program expenses are incurred. The changes in deferred contributions balance are as follows:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|------------------|
| Balance, beginning of year | \$ 79,166 | \$ 99,533 |
| Contributions | 280,000 | 79,166 |
| Amount recognized as revenue during the year | <u>(79,166)</u> | <u>(99,533)</u> |
| Balance, end of year | <u>\$ 280,000</u> | <u>\$ 79,166</u> |

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of tangible capital assets and intangible assets. The amortization of deferred capital contributions begins when the associated tangible capital assets or intangible assets are put into use, and is recorded as revenue in the statement of operations based on the useful life of the assets. The changes in the deferred capital contributions balance are as follows:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Balance, beginning of year | \$ 910,093 | \$ 824,202 |
| Capital contributions received | 14,062 | 179,742 |
| Amount amortized during the year - intangible assets | (5,000) | (5,000) |
| Amount amortized during the year - tangible capital assets | <u>(99,406)</u> | <u>(88,851)</u> |
| Balance, end of year | <u>\$ 819,749</u> | <u>\$ 910,093</u> |

EDMONTON GLEANERS ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2022

10. LONG TERM DEBT

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|-------------|
| The Muttart Foundation loan bearing interest at 4% per annum, repayable in monthly blended payments of \$9,619. The loan matures on September 30, 2037 | \$ 1,289,578 | \$ - |
| Amounts payable within one year | <u>(65,030)</u> | - |
| | <u>\$ 1,224,548</u> | <u>\$ -</u> |

Principal repayment terms are approximately:

| | |
|------------|---------------------|
| 2023 | \$ 65,030 |
| 2024 | 67,543 |
| 2025 | 70,432 |
| 2026 | 73,301 |
| 2027 | 76,288 |
| Thereafter | <u>936,984</u> |
| | <u>\$ 1,289,578</u> |

11. RELATED PARTY TRANSACTIONS

The Association periodically incurs expenses with parties which certain members of its Board of Directors are associated. Transactions involving the Association and these parties in 2022 totaled \$51,496 (2021 - \$80,350). As of December 31, 2022 there were \$NIL outstanding as a payable to related parties and \$NIL outstanding as a receivable from related parties. During the year the Association received \$57,000 of contributions from Board members and parties which Board of Directors are associated.

These transactions are considered to be in the normal course of business and are measured at or below fair market value.

12. FOOD DONATIONS IN-KIND

The food donations are valued at an average price per kilogram of \$7.07 (2021 - \$5.78) based on the Food Banks Canada national valuation standard. In 2022 management estimated that approximately 5,019,572 kilograms of food was received and distributed (5,503,973 kilograms at \$5.78 per kilogram in 2021) for a total value of \$35,488,374 (2021 - \$31,812,964).

13. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2022.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from its accounts receivable and gift certificates. The Association mitigates this risk by reviewing and monitoring these balances.

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EDMONTON GLEANERS ASSOCIATION

Notes to Financial Statements

For the Year Ended December 31, 2022

13. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its members, donors, other related sources, and accounts payable and accrued liabilities. Sufficient short term investments are on hand at any given time that can readily be converted to cash to cover any expected and unexpected operating requirements.

Market risk

The Association is exposed to market risk through changes in marketable security prices, other than changes arising from interest rate or currency risk, in connection with investments in equity securities and other pooled funds. The Association mitigates this risk through controls to monitor and limit concentration levels.

Interest rate risk

Interest rate risk is the risk that the value of the Association's interest bearing financial instruments will fluctuate due to changes in prevailing interest rates. The Association is exposed to interest rate risk on its short term investments and cash and cash equivalents. Management frequently reviews the interest rates to mitigate risk.

Changes in risk

There has been no significant change in the level of risk during the year.

14. COMPARATIVE FIGURES

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