

EDMONTON GLEANERS ASSOCIATION
(Operating as Edmonton's Food Bank)
Financial Statements
For the Year Ended December 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Edmonton Gleaners Association operating as Edmonton's Food Bank

Qualified Opinion

We have audited the financial statements of Edmonton Gleaners Association, operating as Edmonton's 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, 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, 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 (ASNPO).

Basis for Qualified Opinion

The Association derives revenue from donations and food donations in-kind, the completeness of which is not susceptible to satisfactory audit verification. In addition, we were not able to obtain sufficient and appropriate audit evidence over the existence of food donations in-kind. 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, 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 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 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 ASNPO, 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.

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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 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.

METRIX GROUP LLP

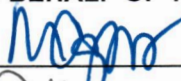
Chartered Professional Accountants

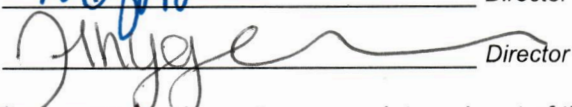
Edmonton, Alberta
May 6, 2024

EDMONTON GLEANERS ASSOCIATION*(Operating as Edmonton's Food Bank)***Statement of Financial Position****As At December 31, 2023**

	2023	2022
ASSETS		
CURRENT		
Cash and cash equivalents <i>(Note 3)</i>	\$ 4,971,538	\$ 7,044,942
Short term investments <i>(Note 4)</i>	46,316	-
Accounts receivable	807,633	650,272
Prepaid expenses	38,579	49,816
Gift certificates on hand	80,606	70,784
	<u>5,944,672</u>	7,815,814
LONG TERM INVESTMENTS <i>(Note 5)</i>	10,445,642	7,698,518
TANGIBLE CAPITAL ASSETS <i>(Note 6)</i>	9,572,156	8,193,754
INTANGIBLE ASSETS	44,342	37,932
	<u>\$ 26,006,812</u>	<u>\$ 23,746,018</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities <i>(Note 7)</i>	\$ 365,010	\$ 746,740
Current portion of long term debt <i>(Note 10)</i>	67,543	65,030
	<u>432,553</u>	811,770
DEFERRED CONTRIBUTIONS <i>(Note 8)</i>	280,000	280,000
DEFERRED CAPITAL CONTRIBUTIONS <i>(Note 9)</i>	1,581,695	819,749
LONG TERM DEBT <i>(Note 10)</i>	1,157,005	1,224,548
	<u>3,451,253</u>	3,136,067
NET ASSETS		
Invested in tangible capital assets	6,765,913	6,089,428
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	3,717,000	3,539,500
Unrestricted net assets	7,475,250	6,383,627
	<u>22,555,559</u>	20,609,951
	<u>\$ 26,006,812</u>	<u>\$ 23,746,018</u>

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

The accompanying notes are an integral part of these financial statements

EDMONTON GLEANERS ASSOCIATION
(Operating as Edmonton's Food Bank)
Statement of Operations
For The Year Ended December 31, 2023

	2023	2022
REVENUE		
Food donations-in-kind (Note 12)	\$ 35,715,000	\$ 35,488,000
Contributions	9,397,598	9,444,019
Foundations' donations	1,880,459	1,647,187
Grants	330,026	65,442
Interest, investment and sundry income	155,840	63,190
Amortization of deferred capital contributions (Note 9)	100,054	104,406
United Way	93,245	91,297
	47,672,222	46,903,541
EXPENSES		
Food donations-in-kind (Note 12)	35,715,000	35,488,000
Salaries and employee benefits	4,352,328	3,832,470
Food purchases	3,571,097	3,180,966
Transportation and warehouse operations	699,753	991,688
Amortization of tangible and intangible assets	659,855	608,509
Occupancy	598,789	568,296
Fundraising and resource development	360,440	413,596
Office and administration	181,694	139,850
Communications and information technology	145,746	127,542
Beyond Food and partnership distribution	122,981	75,000
Education and training	68,915	64,512
	46,476,598	45,490,429
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	1,195,624	1,413,112
OTHER INCOME		
Unrealized gain (loss) on changes in market value of investments	746,901	(643,374)
Realized gain (loss) on disposal of investments	3,083	(907)
Loss on disposal of tangible capital assets	-	(10,945)
	749,984	(655,226)
EXCESS OF REVENUE OVER EXPENSES	\$ 1,945,608	\$ 757,886

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, 2023

	Invested in Tangible Capital Assets	Tangible Capital Assets Reserve	Legacy Reserve	Food Purchase Reserve	Emergency Reserve	Unrestricted	2023	2022
Net assets, beginning of year	\$ 6,089,428	\$ 1,100,000	\$ 457,396	\$ 3,040,000	\$ 3,539,500	\$ 6,383,627	\$ 20,609,951	\$ 19,852,065
Excess of revenue over expenses	-	-	-	-	-	1,945,608	1,945,608	757,886
Purchase of tangible capital assets	2,019,995	-	-	-	-	(2,019,995)	-	-
Amortization of tangible capital assets	(641,594)	-	-	-	-	641,594	-	-
Receipt of deferred capital contributions	(862,000)	-	-	-	-	862,000	-	-
Amortization of deferred capital contributions (Note 9)	95,054	-	-	-	-	(95,054)	-	-
Repayment of long term debt	65,030	-	-	-	-	(65,030)	-	-
Interfund transfers					177,500	(177,500)		
Net assets, end of year	\$ 6,765,913	\$ 1,100,000	\$ 457,396	\$ 3,040,000	\$ 3,717,000	\$ 7,475,250	\$ 22,555,559	\$ 20,609,951

The accompanying notes are an integral part of these financial statements

EDMONTON GLEANERS ASSOCIATION
(Operating as Edmonton's Food Bank)
Statement of Cash Flows
For The Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 1,945,608	\$ 757,886
Items not affecting cash:		
Amortization of tangible capital assets	641,594	595,182
Amortization of intangible assets	18,261	13,327
Gain on disposal of tangible capital assets	-	10,945
Realized (gain) loss on disposal of investments	(3,083)	907
Amortization of deferred capital contributions	(100,054)	(104,406)
Unrealized gain on changes in market value of investments	(746,901)	643,374
	<u>1,755,425</u>	<u>1,917,215</u>
Changes in non-cash working capital:		
Accounts receivable	(157,361)	(128,456)
Prepaid expenses	11,237	(12,758)
Gift certificates on hand	(9,822)	(20,202)
Accounts payable and accrued liabilities	(381,730)	414,403
Deferred contributions	-	200,834
	<u>(537,676)</u>	<u>453,821</u>
Cash flow from operating activities	<u>1,217,749</u>	<u>2,371,036</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(2,019,995)	(2,438,180)
Proceeds on disposal of tangible capital assets	-	17,775
Purchase of intangible assets	(24,671)	(42,100)
Purchase of short term investments	(46,315)	-
Proceeds from disposal of short term investments	-	623,776
Purchase of long term investments	(2,000,000)	(3,300,000)
Proceeds from disposal of long term investments	2,858	-
	<u>(4,088,123)</u>	<u>(5,138,729)</u>
Cash flow used by investing activities	<u>(4,088,123)</u>	<u>(5,138,729)</u>
FINANCING ACTIVITIES		
Receipt of deferred capital contributions (Note 9)	862,000	14,061
Proceeds from long term financing	-	1,300,000
Repayment of long term debt	(65,030)	(10,422)
	<u>796,970</u>	<u>1,303,639</u>
Cash flow from financing activities	<u>796,970</u>	<u>1,303,639</u>
DECREASE IN CASH FLOW	(2,073,404)	(1,464,054)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>7,044,942</u>	<u>8,508,996</u>
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 3)	\$ 4,971,538	\$ 7,044,942

The accompanying notes are an integral part of these financial statements

EDMONTON GLEANERS ASSOCIATION

(Operating as Edmonton's Food Bank)

Notes to Financial Statements

Year Ended December 31, 2023

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 \$7.76 per kilogram (2022 - \$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

(Operating as Edmonton's Food Bank)

Notes to Financial Statements

Year Ended December 31, 2023

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

(Operating as Edmonton's Food Bank)

Notes to Financial Statements

Year Ended December 31, 2023

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>2023</u>	<u>2022</u>
Scotiabank - operating account	\$ 2,482,224	\$ 2,673,753
Servus - savings account	1,395,678	2,659,074
Servus - operating account	727,136	1,260,520
Undeposited funds on hand	259,115	354,451
Scotia iTrade - cash account	88,418	56,986
Scotiabank - savings account	18,556	18,556
Servus - business account	300	-
Cash on hand	70	70
Servus - rewards account	41	-
CIBC - operating account	-	21,532
	<u>\$ 4,971,538</u>	<u>\$ 7,044,942</u>

EDMONTON GLEANERS ASSOCIATION
(Operating as Edmonton's Food Bank)
Notes to Financial Statements
Year Ended December 31, 2023

4. SHORT TERM INVESTMENTS

	<u>2023</u>	<u>2022</u>
Scotia iTrade equities (book value - \$46,553)	\$ 46,315	\$ -
	<u>\$ 46,315</u>	<u>\$ -</u>

Short term investments consist of marketable securities that management intends to hold for short term purposes only and recorded at fair market value.

5. LONG TERM INVESTMENTS

	<u>2023</u>	<u>2022</u>
ATB Wealth	\$ 8,445,642	\$ 7,698,518
Scotiabank - Guaranteed Investment Certificates	<u>2,000,000</u>	<u>-</u>
	<u>\$ 10,445,642</u>	<u>\$ 7,698,518</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.

Guaranteed Investment Certificates bear interest at 4.25% and mature on February 27, 2025.

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	<u>2023</u> Net book value	2022 Net book value
Buildings	\$ 9,143,949	\$ 1,793,136	\$ 7,350,813	\$ 5,918,757
Land	879,102	-	879,102	879,102
Automotive	2,071,493	1,564,407	507,086	724,409
Equipment	1,545,015	884,005	661,010	505,323
Parking lot	229,292	88,837	140,455	127,961
Computers and software	221,236	187,546	<u>33,690</u>	38,202
	<u>\$ 14,090,087</u>	<u>\$ 4,517,931</u>	<u>\$ 9,572,156</u>	<u>\$ 8,193,754</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
Trades payables and accrued liabilities	\$ 152,840	\$ 561,860
Vacation and overtime payable	121,116	113,583
Wages payable	66,736	53,393
Payroll withholding taxes	<u>24,318</u>	<u>17,904</u>
	<u>\$ 365,010</u>	<u>\$ 746,740</u>

EDMONTON GLEANERS ASSOCIATION*(Operating as Edmonton's Food Bank)***Notes to Financial Statements****Year Ended December 31, 2023**

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>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 280,000	\$ 79,166
Contributions received	280,000	280,000
Amount recognized as revenue during the year	<u>(280,000)</u>	<u>(79,166)</u>
Balance, end of year	<u>\$ 280,000</u>	<u>\$ 280,000</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>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 819,749	\$ 910,093
Capital contributions received	862,000	14,062
Amount amortized during the year - intangible assets	(5,000)	(5,000)
Amount amortized during the year - tangible capital assets	<u>(95,054)</u>	<u>(99,406)</u>
Balance, end of year	<u>\$ 1,581,695</u>	<u>\$ 819,749</u>

EDMONTON GLEANERS ASSOCIATION
(Operating as Edmonton's Food Bank)
Notes to Financial Statements
Year Ended December 31, 2023

10. LONG TERM DEBT

	<u>2023</u>	<u>2022</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 and is secured by the property at 11448 120 Street NW, Edmonton, AB.	\$ 1,224,548	\$ 1,289,578
Amounts payable within one year	<u>(67,543)</u>	(65,030)
	<u>\$ 1,157,005</u>	<u>\$ 1,224,548</u>

Principal repayment terms are approximately:

2024	\$ 67,543
2025	70,432
2026	73,301
2027	76,288
2028	79,291
Thereafter	<u>857,693</u>
	<u>\$ 1,224,548</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 2023 totaled \$114,030 (2022 - \$51,496). During the year the Association received 2023 \$120,075 (2022 - \$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 fair market value.

12. FOOD DONATIONS IN-KIND

The food donations are valued at an average price per kilogram of \$7.76 (2022 - \$7.07) based on the Food Banks Canada national valuation standard. In 2023 management estimated that approximately 4,602,488 kilograms of food was received and distributed (5,019,572 kilograms at \$7.07 per kilogram in 2022) for a total value of \$35,715,307 (2022 - \$35,488,374). In presenting food donations in-kind on the statement of operations, management have rounded the amounts down to the nearest thousand.

EDMONTON GLEANERS ASSOCIATION

(Operating as Edmonton's Food Bank)

Notes to Financial Statements

Year Ended December 31, 2023

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, 2023.

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.

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 from 2022.
