

Community Kitchen Program of Calgary Society
Financial Statements
October 31, 2023

Management's Responsibility

To the Members of Community Kitchen Program of Calgary Society:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Society. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee is also responsible for recommending the appointment of the Society's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

March 12, 2024



Director

To the Members of Community Kitchen Program of Calgary Society:

Opinion

We have audited the financial statements of Community Kitchen Program of Calgary Society (the "Society"), which comprise the statement of financial position as at October 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 Society as at October 31, 2023, 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 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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statement for the year ended October 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on February 16, 2023.

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.

Calgary, Alberta

March 12, 2024

MNP LLP

Chartered Professional Accountants

Community Kitchen Program of Calgary Society

Statement of Financial Position

As at October 31, 2023

	2023	2022
Assets		
Current		
Cash and cash equivalents	248,063	467,089
Accounts receivable	292,803	256,833
Goods and services tax receivable	14,993	7,749
Prepaid expenses	7,549	59,200
Inventory	-	584
Investments	-	4,134
	563,408	795,589
Capital assets (Note 3), (Note 12)	5,687,762	265,082
Externally restricted assets (Note 4)	85,702	127,669
Long term investment (Note 5)	27,093	27,093
	6,363,965	1,215,433
Liabilities		
Current		
Accounts payable and accruals	176,767	151,599
Deferred cash contributions (Note 6)	85,702	127,669
Deferred revenue	9,398	3,350
Current portion of capital lease obligations (Note 7)	7,410	12,273
Canada Emergency Business Account loan (Note 8)	60,000	-
	339,277	294,891
Capital lease obligations (Note 7)	10,250	101,705
Canada Emergency Business Account loan (Note 8)	-	60,000
Deferred capital contributions (Note 9)	4,395,924	127,361
	4,406,174	289,066
	4,745,451	583,957
Net Assets		
Unrestricted	326,676	493,755
Invested in capital assets	1,291,838	137,721
	1,618,514	631,476
	6,363,965	1,215,433

Approved on behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements

Community Kitchen Program of Calgary Society

Statement of Operations

For the year ended October 31, 2023

	2023	2022
Revenue		
Program sales	1,194,968	745,401
Donations and grants	977,934	967,396
Food and other donations in kind	556,848	404,639
Amortization of deferred contributions (Note 9)	208,988	39,781
Memberships	67,250	56,350
Casino contribution (Note 6)	31,866	-
Rental income	21,747	150
Bingo contribution (Note 6)	19,641	16,032
Administration	8,762	18,974
Investment income	8,569	3,431
Insurance claim	-	20,427
	3,096,573	2,272,581
Expenses		
Program - cost of sales	963,629	626,371
Salaries and benefits	957,688	815,416
Donated food costs	556,848	424,123
Amortization	258,194	61,896
Utilities	100,315	138,304
Office supplies	71,597	27,937
Repairs and maintenance	60,870	12,789
Automotive	60,114	73,864
Advertising	46,555	27,790
Materials	43,964	30,302
Professional fees	39,516	46,365
Insurance	32,477	20,968
Telephone	16,945	7,940
Bank charges and interest	6,568	5,042
Fundraising (Note 10)	2,255	222
	3,217,535	2,319,329
Deficiency of revenue over expenses	(120,962)	(46,748)

The accompanying notes are an integral part of these financial statements

Community Kitchen Program of Calgary Society Statement of Changes in Net Assets

For the year ended October 31, 2023

	<i>Unrestricted</i>	<i>Invested in capital assets</i>	2023	<i>2022</i>
Net assets beginning of the year	493,755	137,721	631,476	678,224
Excess (deficiency) of revenue over expenses	(71,756)	(49,206)	(120,962)	(46,748)
Contributed land (Note 3)	-	1,108,000	1,108,000	-
Costs assumed from contributed assets (Note 3)	(134,017)	134,017	-	-
Deferred cash contributions related to capital assets (Note 6)	35,000	(35,000)	-	-
Cash contributions received restricted for use to purchase capital assets (Note 9)	10,551	(10,551)	-	-
Capital asset additions	(6,857)	6,857	-	-
Net assets, end of year	326,676	1,291,838	1,618,514	631,476

The accompanying notes are an integral part of these financial statements

Community Kitchen Program of Calgary Society

Statement of Cash Flows

For the year ended October 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	(120,962)	(46,748)
Amortization	258,194	61,896
Amortization of deferred capital contributions	(208,988)	(39,781)
	(71,756)	(24,633)
Changes in working capital accounts		
Accounts receivable	(35,970)	36,454
Goods and services tax receivable	(7,244)	(5,568)
Prepaid expenses	51,651	(41,782)
Inventory	584	69
Externally restricted assets	41,967	(112,250)
Accounts payable and accruals	25,168	106,768
Deferred cash contributions (Note 6)	(6,967)	112,250
Deferred revenue	6,048	(142)
	3,481	71,166
Financing		
Advances of long-term debt	-	90,474
Deferred capital contributions	10,551	145,611
Repayment of capital lease	(96,318)	-
	(85,767)	236,085
Investing		
Purchase of capital assets	(6,857)	(271,993)
Costs directly attributable to contributed capital assets (Note 3)	(134,017)	-
Proceeds on disposal of investments	4,134	25,911
Purchase of investments	-	(31,227)
	(136,740)	(277,309)
(Decrease) increase in cash resources	(219,026)	29,942
Cash resources, beginning of year	467,089	437,147
Cash resources, end of year	248,063	467,089

The accompanying notes are an integral part of these financial statements

Community Kitchen Program of Calgary Society

Notes to the Financial Statements

For the year ended October 31, 2023

1. Incorporation and nature of the organization

Community Kitchen Program of Calgary Society (the "Society") was incorporated under the Societies Act of Alberta and thus is exempt from income taxes under section 149 of the Income Tax Act ("the Act").

The Society's purpose is to reduce hunger by promoting healthy food choices and enabling the community to educate, equip and feed themselves.

2. Significant accounting policies

The financial statements have been prepared according to Canadian accounting standards for not-for-profit organizations, of which the most significant policies are:

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term investments with maturities of three months or less.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Investments

Long-term investments in portfolio investments are recorded at fair value for those with prices quoted in an active market, and recorded at cost less impairment for those that are not quoted in an active market. Changes in fair value are recorded immediately in the excess (deficiency) of revenue over expenses. They have been classified as long-term assets in concurrence with the nature of the investment.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Building	25 years
Automotive	5 years
Computer equipment	3 years
Computer software	3 years
Equipment and furniture	5 years

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions and grants are recognized as revenue in the year in which the 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.

Revenue from program sales is recorded when reasonable assurance exists regarding measurement and collectability. Memberships revenue is recorded over the related membership period. Rental income is recorded straight line over the related lease period.

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Society's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Community Kitchen Program of Calgary Society

Notes to the Financial Statements

For the year ended October 31, 2023

2. Significant accounting policies (Continued from previous page)

Contributed services

Volunteers contribute a number of hours each year to assist the Society in carrying out its services and activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a straight-line basis, over their estimated useful lives lease term. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

Financial instruments

The Society recognizes financial instruments when the Society becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Society may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Society has not made such an election during the year.

The Association subsequently measures all arm's length financial instruments financial at cost or amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at cost or amortized cost are added to the carrying amount for those financial instruments.

Related party financial instruments

The Society initially measures debt instruments in a related party transaction ("related party financial instruments") at fair value when the inputs significant to the determination of its fair value are observable (directly or indirectly).

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received (refer to Note 12).

At initial recognition, the Society may elect to subsequently measure related party debt instruments that have observable inputs significant to the determination of fair value, at fair value.

The Society has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

Community Kitchen Program of Calgary Society

Notes to the Financial Statements

For the year ended October 31, 2023

2. Significant accounting policies (Continued from previous page)

Financial instruments (Continued from previous page)

The Society subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess (deficiency) of revenues over expenses.

Financial asset impairment

The Society assesses impairment of all its financial assets measured at cost or amortized cost. The Society groups assets for impairment testing when no asset is individually significant. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the periods in which they become known.

Community Kitchen Program of Calgary Society Notes to the Financial Statements

For the year ended October 31, 2023

3. Capital assets

		<i>Accumulated</i>	<i>2023</i>	<i>2022</i>
	<i>Cost</i>	<i>amortization</i>	<i>Net book</i>	<i>Net book</i>
			<i>value</i>	<i>value</i>
Land	1,134,803	-	1,134,803	-
Building	4,539,214	172,614	4,366,600	-
Automotive	399,299	274,651	124,648	185,872
Computer equipment	14,725	9,944	4,781	421
Computer software	5,125	5,125	-	-
Equipment and furniture	196,017	139,087	56,930	78,789
	6,289,183	601,421	5,687,762	265,082

During the year, the Society received a contribution of land and building with a fair value at the date of contribution of \$1,108,000 and \$4,432,000, respectively. The land has been recorded as a direct increase to net assets and the building is recorded as a deferred contribution related to capital assets (Note 9) and amortized over the estimated useful life of the building. The total costs directly attributable to the transfer of the contribution were \$134,017 which have been proportionally added to the costs of the assets in the amounts of \$26,803 to land and \$107,214 to the building.

4. Externally restricted assets

Cash generated from casino activities, unspent grant funding and unspent externally restricted donations have been recorded as externally restricted assets. This funding has to be spent according to Alberta Gaming approved objectives for casino funding and grantor approved objectives for the grant funding and donations. These remain recorded as a liability until spent and are reflected as deferred cash contributions in liabilities.

	<i>2023</i>	<i>2022</i>
Amount consists of the following:		
Deferred Casino Contributions	67,624	16,500
Deferred Bingo Contributions	18,078	9,679
Restricted donations in the general account	-	27,000
Casino pool receivable	-	74,490
Total	85,702	127,669

5. Long term Investment

Long-term investment consists of a guaranteed investment certificate bearing interest at 3.8% with a maturity date of September 22, 2025.

Community Kitchen Program of Calgary Society

Notes to the Financial Statements

For the year ended October 31, 2023

6. Deferred cash contributions

Changes in the deferred contribution balance are as follows:

	2023	2022
Balance, beginning of year	127,669	15,419
Casino amounts received during the year	25,000	16,500
Casino pool receivable	-	74,490
Bingo amounts received during the year	28,040	11,541
Restricted donation received	-	27,000
Less: Bingo funds contributed to operations	(19,641)	(16,032)
Less: Casino funds contributed to operations	(31,866)	-
Less: Amounts designated for capital assets (Note 9)	(35,000)	-
Less: Restricted donation contributed to operations	(8,500)	(1,249)
Balance, end of year	85,702	127,669

7. Capital lease obligations

Capital lease obligation payable in equal monthly instalments of \$1,027 including imputed interest at 17.23% and management fee of \$184, due December 31, 2027, secured by an automobile having a net book value of \$125,080 (2022 - \$166,773)

	17,660	102,973
Capital lease obligation, repaid during the year	-	11,005
	17,660	113,978
Less: Current portion	7,410	12,273
	10,250	101,705

During the year, advance payments were made on the capital lease obligation of \$75,000 in order to minimize the Society's interest and management fee amounts that will be paid.

Future lease payments related to the obligation under capital lease are as follows:

2024	12,324
2025	12,324
2026	4,797
	29,445
Less: imputed interest	(11,785)
	17,660
Less: current portion	(7,410)
	10,250

Community Kitchen Program of Calgary Society

Notes to the Financial Statements

For the year ended October 31, 2023

8. Canada Emergency Business Account loan

The Society received the Canada Emergency Business Account (CEBA) loan in the amount of \$40,000 in 2021 and an additional \$20,000 in 2022. The total amount of loan principal outstanding as at October 31, 2023 was \$60,000 (2022 - \$60,000). The CEBA loan is non-interest bearing, can be repaid at any time without penalty, and is valid until December 31, 2025. Up to 33%, to a maximum of \$20,000 (2022 - \$20,000), of the loan will be forgiven if repaid by January 18, 2024 and certain other criteria are met. The Association repaid the total \$40,000 subsequent to year-end and anticipates it will meet the loan forgiveness requirements.

9. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2023	2022
Balance, beginning of year	127,361	21,531
Capital asset contributions received during the year (Note 3)	4,432,000	145,611
Cash contributions received restricted for use to purchase capital assets	10,551	-
Casino amounts designated to repay capital lease obligation (Note 6)	16,500	-
Restricted donation designated to repay capital lease obligation (Note 6)	18,500	-
Less: Amounts recognized as revenue during the year	(208,988)	(39,781)
Balance, end of year	4,395,924	127,361

10. Fundraising expenses

As required under section 7(2) of the Charitable Fundraising Regulation of Alberta, the following amounts are disclosed:

Direct costs incurred for the purpose of soliciting contributions \$ nil (2022 - \$ nil).

Amounts paid as remuneration to employees whose principle duties involve fundraising \$ nil (2022 - \$nil).

11. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest rate, currency, credit or other price risks arising from these financial instruments except as otherwise disclosed.

12. Related party transactions

The Society paid rent and utilities in the amount of \$21,936 (2022 - \$138,304) to a not-for-profit organization with common management. Revenue shows \$nil (2022 - \$18,000) for administration. During the year, the same not-for-profit organization donated capital assets to the Society as described in Note 3.

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.