

Community Kitchen Program of Calgary
Financial Statements
October 31, 2024

Management's Responsibility

To the Members of Community Kitchen Program of Calgary:

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 7, 2025



Director

To the Members of Community Kitchen Program of Calgary:

Opinion

We have audited the financial statements of Community Kitchen Program of Calgary (the "Society"), which comprise the statement of financial position as at October 31, 2024, 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, 2024, 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.

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 7, 2025

MNP LLP

Chartered Professional Accountants

Community Kitchen Program of Calgary
Statement of Financial Position
As at October 31, 2024

	2024	2023
Assets		
Current		
Cash and cash equivalents	35,005	248,063
Accounts receivable	282,841	292,803
Goods and services tax receivable	17,341	14,993
Prepaid expenses	9,755	7,549
Investments (Note 5)	27,093	-
	372,035	563,408
Capital assets (Note 3) (Note 12)	5,448,554	5,687,762
Externally restricted assets (Note 4)	128,056	85,702
Long term investment (Note 5)	-	27,093
	5,948,645	6,363,965
Liabilities		
Current		
Accounts payable and accruals	111,750	176,767
Deferred cash contributions (Note 6)	128,056	85,702
Deferred revenue	7,122	9,398
Canada Emergency Business loan	-	60,000
Current portion of capital lease obligations (Note 7)	4,700	7,410
	251,628	339,277
Capital lease obligations (Note 7)	8,149	10,250
Deferred capital contributions (Note 8)	4,178,194	4,395,924
	4,437,971	4,745,451
Net Assets		
Unrestricted	240,314	326,676
Invested in capital assets	1,270,360	1,291,838
	1,510,674	1,618,514
	5,948,645	6,363,965

Approved on behalf of the Board



 Director



 Director

Community Kitchen Program of Calgary
Statement of Operations
For the year ended October 31, 2024

	2024	2023
Revenue		
Program sales	1,324,303	1,194,968
Donations and grants (Note 9)	1,015,591	977,934
Food and other donations in kind	532,335	556,848
Amortization of deferred contributions (Note 8)	217,730	208,988
Rental income	101,562	21,747
Memberships	70,315	67,250
Casino contribution (Note 6)	68,927	31,866
Bingo contribution (Note 6)	34,167	19,641
Administration	20,881	8,762
Investment income	12,598	8,569
	3,398,409	3,096,573
Expenses		
Salaries and benefits	1,143,758	957,688
Program - cost of sales	1,067,828	963,629
Donated food costs	532,335	556,848
Amortization	243,405	258,194
Repairs and maintenance	102,598	60,870
Utilities	88,328	100,315
Office supplies	78,553	71,597
Advertising	58,953	46,555
Automotive	56,506	60,114
Materials	33,195	43,964
Professional fees	41,821	39,516
Insurance	31,463	32,477
Telephone	17,148	16,945
Bank charges and interest	6,968	6,568
Fundraising (Note 10)	3,390	2,255
	3,506,249	3,217,535
Deficiency of revenue over expenses	(107,840)	(120,962)

The accompanying notes are an integral part of these financial statements

Community Kitchen Program of Calgary
Statement of Changes in Net Assets
For the year ended October 31, 2024

	<i>Unrestricted</i>	<i>Invested in capital assets</i>	<i>2024</i>	<i>2023</i>
Net assets beginning of the year	326,676	1,291,838	1,618,514	631,476
Deficiency of revenue over expenses	(82,165)	(25,675)	(107,840)	(120,962)
Contributed land (Note 3)	-	-	-	1,108,000
Capital asset additions	(4,197)	4,197	-	-
Net assets, end of year	240,314	1,270,360	1,510,674	1,618,514

The accompanying notes are an integral part of these financial statements

Community Kitchen Program of Calgary
Statement of Cash Flows
For the year ended October 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	(107,840)	(120,962)
Amortization	243,405	258,194
Amortization of deferred capital contributions	(217,730)	(208,988)
	(82,165)	(71,756)
Changes in working capital accounts		
Accounts receivable	9,962	(35,970)
Goods and services tax receivable	(2,348)	(7,244)
Prepaid expenses	(2,206)	51,651
Inventory	-	584
Externally restricted assets	(42,354)	41,967
Accounts payable and accruals	(65,017)	25,168
Deferred cash contributions (Note 6)	42,354	(6,967)
Deferred revenue	(2,276)	6,048
	(144,050)	3,481
Financing		
Deferred capital contributions	-	10,551
Repayment of Canada Emergency Business Account	(60,000)	-
Repayment of capital lease obligations	(4,811)	(96,318)
	(64,811)	(85,767)
Investing		
Purchase of capital assets	(4,197)	(6,857)
Costs directly attributable to contributed capital assets	-	(134,017)
Proceeds on disposal of investments	-	4,134
	(4,197)	(136,740)
Decrease in cash resources	(213,058)	(219,026)
Cash resources, beginning of year	248,063	467,089
Cash resources, end of year	35,005	248,063

The accompanying notes are an integral part of these financial statements

Community Kitchen Program of Calgary

Notes to the Financial Statements

For the year ended October 31, 2024

1. Incorporation and nature of the organization

Community Kitchen Program of Calgary (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.

Investments

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. The investments are classified as short-term assets if they mature within 12 months of year-end.

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.

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.

2. Significant accounting policies *(Continued from previous page)*

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 11).

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.

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.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

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
Notes to the Financial Statements
For the year ended October 31, 2024

3. Capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land	1,134,803	-	1,134,803	1,134,803
Building	4,539,214	354,183	4,185,031	4,366,600
Automotive	399,299	318,174	81,125	124,648
Computer equipment	17,692	6,191	11,501	4,781
Computer software	5,125	5,125	-	-
Equipment and furniture	197,247	161,153	36,094	56,930
	6,293,380	844,826	5,448,554	5,687,762

During the prior 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 8) 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 have been recorded as externally restricted assets. This funding has to be spent according to Alberta Gaming approved objectives for casino funding. These remain recorded as a liability until spent and are reflected as deferred cash contributions in liabilities.

	2024	2023
Amount consists of the following:		
Deferred Casino Contributions	101,972	67,624
Deferred Bingo Contributions	26,084	18,078
Total	128,056	85,702

5. Short term investment

Short-term investment consists of a guaranteed investment certificate bearing interest at 5% with a maturity date of September 22, 2025.

6. Deferred cash contributions

Changes in the deferred contribution balance are as follows:

	2024	2023
Balance, beginning of year	85,702	127,669
Casino amounts received during the year	111,465	25,000
Bingo amounts received during the year	55,400	28,040
Less: Bingo funds contributed to operations	(47,394)	(19,641)
Less: Casino funds contributed to operations	(77,117)	(31,866)
Less: Amounts designated for capital assets (Note 8)	-	(35,000)
Less: Restricted donation contributed to operations	-	(8,500)
Balance, end of year	128,056	85,702

Community Kitchen Program of Calgary
Notes to the Financial Statements
For the year ended October 31, 2024

7. Capital lease obligations

Capital lease obligation payable in equal monthly instalments of \$723 including imputed interest at 15.76% and management fee of \$184, due December 31, 2027, secured by an automobile having a net book value of \$88,362 (2023 - \$125,080)

	12,849	17,660
Less: Current portion	4,700	7,410
	8,149	10,250

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

2025	8,678
2026	8,678
2027	6,366
	23,722
Less: imputed interest	(10,873)
	12,849
Less: current portion	(4,700)
	8,149

8. 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:

	2024	2023
Balance, beginning of year	4,395,924	127,361
Capital asset contributions received during the year	-	4,432,000
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	(217,730)	(208,988)
Balance, end of year	4,178,194	4,395,924

9. Donation of shares

During the year, the Society received a shares of a public company that were immediately sold for proceeds of \$8,655 (2023 - \$nil) and have been included in donations and grants in the statement of operations.

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 (2023 - \$nil).

Amounts paid as remuneration to employees whose principle duties involve fundraising \$nil (2023 - \$nil).

Community Kitchen Program of Calgary
Notes to the Financial Statements
For the year ended October 31, 2024

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 \$nil (2023 - \$21,936) to a not-for-profit organization with common management. During the prior year, the same not-for-profit organization donated capital assets to the Society as described in Note 3.