

FOOD BANKS ALBERTA ASSOCIATION

Financial Statements

Year Ended December 31, 2025

FOOD BANKS ALBERTA ASSOCIATION
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Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of Food Banks Alberta Association

Opinion

We have audited the financial statements of Food Banks Alberta Association (the Association), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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Independent Auditor's Report to the To the Members of Food Banks Alberta Association *(continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

King + Company

Edmonton, AB
March 25, 2026

CHARTERED PROFESSIONAL ACCOUNTANTS

FOOD BANKS ALBERTA ASSOCIATION
Statement of Financial Position
December 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash (Note 2)	\$ 2,110,878	\$ 4,458,855
Accounts receivable (Note 3)	135,140	42,990
Inventory (Note 4)	242,194	98,323
Prepaid expenses	54,981	19,994
	<u>2,543,193</u>	4,620,162
TERM DEPOSIT (Notes 2, 5)	649,902	106,689
CAPITAL ASSETS (Note 6)	279,580	317,480
	<u>\$ 3,472,675</u>	<u>\$ 5,044,331</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	\$ 335,256	\$ 197,952
DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS (Note 8)	1,555,557	3,071,541
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 9)	125,967	112,787
	<u>2,016,780</u>	3,382,280
NET ASSETS		
General fund (Note 10)	322,244	528,400
Internally restricted funds (Note 10)	1,133,651	1,133,651
	<u>1,455,895</u>	1,662,051
	<u>\$ 3,472,675</u>	<u>\$ 5,044,331</u>

ON BEHALF OF THE BOARD

Signed by: Melissa From Director
 Signed by: [Signature] Director

FOOD BANKS ALBERTA ASSOCIATION**Statement of Operations****Year Ended December 31, 2025**

	2025	2024
REVENUE		
Food donations in-kind <i>(Note 11)</i>	\$ 12,261,464	\$ 6,935,498
Grants <i>(Note 8)</i>	2,130,407	1,612,340
Donations	536,297	362,042
Fundraising	519,008	409,217
Bulk food purchase by members	315,521	183,624
Red Cross grant <i>(Note 8)</i>	258,447	1,241
Programs	130,398	135,908
Transportation chargebacks and non-food purchases	34,368	19,688
Interest	29,248	15,253
Conference	28,234	25,449
Amortization of deferred contributions related to capital assets	26,116	27,733
Membership fees	25,950	-
	16,295,458	9,727,993
EXPENSES		
Food donations in-kind <i>(Note 11)</i>	12,261,464	6,935,498
Member services and support	1,427,833	493,466
Food purchases <i>(Note 4)</i>	1,294,645	1,202,825
Salaries and benefits	683,306	575,942
Transportation chargebacks and non-food purchases	218,107	148,892
Rent	192,879	184,869
Programs	130,398	138,217
Administration	90,843	72,649
Amortization of capital assets	78,094	88,115
Facilities	69,279	63,314
Professional fees	29,919	40,119
Insurance	18,267	21,357
Advertising, promotion and fundraising	6,580	11,770
	16,501,614	9,977,033
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (206,156)	\$ (249,040)

FOOD BANKS ALBERTA ASSOCIATION

Statement of Changes in Net Assets

Year Ended December 31, 2025

	General Fund	Internally Restricted Funds	2025	2024
NET ASSETS - BEGINNING OF YEAR	\$ 528,400	\$ 1,133,651	\$ 1,662,051	\$ 1,911,091
Deficiency of revenue over expenses	(206,156)	-	(206,156)	(249,040)
NET ASSETS - END OF YEAR	\$ 322,244	\$ 1,133,651	\$ 1,455,895	\$ 1,662,051

FOOD BANKS ALBERTA ASSOCIATION**Statement of Cash Flows****Year Ended December 31, 2025**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (206,156)	\$ (249,040)
Items not affecting cash:		
Amortization of capital assets	78,094	88,115
Amortization of deferred contributions related to capital assets	(26,116)	(27,733)
	<u>(154,178)</u>	<u>(188,658)</u>
Changes in non-cash working capital:		
Accounts receivable	(92,152)	398,069
Prepaid expenses	(34,987)	20,536
Inventory	(143,871)	143,897
Accounts payable and accrued liabilities	137,306	171,772
Deferred contributions related to operations	(1,515,984)	2,524,602
	<u>(1,649,688)</u>	<u>3,258,876</u>
Cash flow from (used by) operating activities	<u>(1,803,866)</u>	<u>3,070,218</u>
INVESTING ACTIVITIES		
Disposal (purchase) of term deposit, net	(543,212)	74,511
Purchase of capital assets	(40,195)	(5,600)
Cash flow from (used by) investing activities	<u>(583,407)</u>	<u>68,911</u>
FINANCING ACTIVITY		
Contributions for purchase of capital assets	39,296	-
INCREASE (DECREASE) IN CASH	(2,347,977)	3,139,129
CASH - BEGINNING OF YEAR	4,458,855	1,319,726
CASH - END OF YEAR	\$ 2,110,878	\$ 4,458,855

FOOD BANKS ALBERTA ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2025

NATURE OF OPERATIONS

The Food Banks Alberta Association (the "Association") is a provincial organization representing and supporting the food bank community across the province. Its mandate is to provide support and leadership to food banks in Alberta in their efforts to provide short-term relief in the area of food insecurity while working on long-term solutions for hunger and poverty. The Association was incorporated under the Societies Act of Alberta in 1998. It is designated as a charitable organization under the income tax act (Canada) and therefore is exempt from income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

General Fund:

Unrestricted fund - accounts for the operating activities of the Association.

Invested in capital assets - accounts for the Association's capital assets, less any related capital grants.

Internally Restricted Fund:

Operating reserve - established by the Board to cover six months of operating costs.

Disaster relief reserve - The Board created this reserve fund in late 2016 to support any food bank impacted by a disaster and to develop a provincial disaster management program for the food bank network to assist in large-scale disaster support.

Revenue Recognition

Food Banks Alberta Association follows the restricted fund method of accounting for contributions.

Restricted donations and grants are recognized as revenue of the appropriate restricted fund. All other restricted donations and grants for which no restricted funds have been established are deferred and recognized as revenue of the General Fund in the year in which the related expenses are incurred. Unrestricted donations or grants are recognized as revenue of the General Fund.

Revenue from sales of goods and services is recognized when services are provided or products are delivered to members, there is clear proof that an arrangement exists, amounts are fixed or can be determined, and the ability to collect is reasonably assured.

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 \$3.64 (2024 - \$3.52) per pound based on the Food Banks Canada national valuation standard.

Interest income and other income is recognized as revenue when earned.

Membership fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, and collection is reasonably assured. Membership fees paid in advance are recorded as deferred revenue.

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FOOD BANKS ALBERTA ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Donated Services

A number of volunteers provide a significant amount of time to the activities of the Association. Because of the difficulty in assigning values for such services, the value of donated time is not reflected in the financial statements.

Cash

Cash is comprised of cash held in financial institutions.

Food Purchases and Inventory

The food purchases are recorded as an expense at the date of purchase. Food items on hand at year-end are recorded as inventory.

Capital Assets

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

Office equipment	20%	declining-balance method
Warehouse equipment	20%	declining-balance method
Leasehold improvements	5 years	straight-line method

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

Cloud Computing Arrangements

The Association applies the simplification method to expenditures in a cloud computing arrangement that fall within the scope of AcG20, Customer's Accounting for Cloud Computing Arrangements. Under this method, expenditures are treated as a supply of services and recognized as an expense when the Association receives the service. Expenditures related to implementation activities are expensed as incurred.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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FOOD BANKS ALBERTA ASSOCIATION**Notes to Financial Statements****Year Ended December 31, 2025**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial Instruments****Initial Measurement**

The Association initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Association is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Association in the transaction.

Subsequent Measurement

The Association subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in earnings in the period incurred.

Financial assets measured at amortized cost using the straight-line method include cash, term deposit and accounts receivable.

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

Transaction Costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in earnings in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in earnings over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the Association determines whether there are indications of possible impairment. When there are, and the Association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in earnings. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in earnings.

FOOD BANKS ALBERTA ASSOCIATION**Notes to Financial Statements****Year Ended December 31, 2025****2. RESTRICTED CASH AND TERM DEPOSITS**

Cash and term deposit are restricted for the following:

	<u>2025</u>	<u>2024</u>
Cash	\$ 2,110,878	\$ 4,458,855
Term deposit	<u>649,902</u>	<u>106,689</u>
Total cash and term deposit	<u>2,760,780</u>	<u>4,565,544</u>
Less:		
Held for deferred contributions related to operations	<u>(1,555,557)</u>	<u>(3,071,541)</u>
Held for internally restricted funds	<u>(1,133,651)</u>	<u>(1,133,651)</u>
Unrestricted cash and term deposit	<u>\$ 71,572</u>	<u>\$ 360,352</u>

3. ACCOUNTS RECEIVABLE

	<u>2025</u>	<u>2024</u>
Bulk food purchase by members receivable	\$ 65,646	\$ 31,277
Edmonton Oilers Community Foundation	<u>56,333</u>	-
Goods and services tax	<u>13,161</u>	<u>10,445</u>
Interest	<u>-</u>	<u>1,268</u>
	<u>\$ 135,140</u>	<u>\$ 42,990</u>

4. INVENTORY

	<u>2025</u>	<u>2024</u>
Bulk food	<u>\$ 242,194</u>	<u>\$ 98,323</u>

Food purchases includes \$nil (2024 - \$221,200) for cookbook expenditures and \$1,294,645 (2024 - \$981,625) for food expenditures.

5. TERM DEPOSIT

The term deposit is a guaranteed investment certificate bearing interest ranging from 1.40% to 3.14% (2024 - 1.40% to 4.45%) and mature between June 4, 2026 and February 14, 2027.

FOOD BANKS ALBERTA ASSOCIATION**Notes to Financial Statements****Year Ended December 31, 2025****6. CAPITAL ASSETS**

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Office equipment	\$ 19,317	\$ 9,913	\$ 9,404	\$ 10,743
Warehouse equipment	644,331	381,710	262,621	284,070
Leasehold improvements	75,558	68,003	7,555	22,667
	<u>\$ 739,206</u>	<u>\$ 459,626</u>	<u>\$ 279,580</u>	<u>\$ 317,480</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
Trades payable	\$ 296,245	\$ 156,904
Government remittances payable	19,753	9,719
Accrued payroll	19,258	31,329
	<u>\$ 335,256</u>	<u>\$ 197,952</u>

8. DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS

Deferred contributions related to operations represent contributions received for specific purposes which do not have an established fund and have not yet been expended. Changes in the deferred contributions related to operations balance are as follows:

	2025	2024
Balance, beginning of year	\$ 3,071,541	\$ 546,939
Contributions received	1,376,389	4,138,183
Restricted interest	28,691	-
Transferred to deferred capital contributions	(39,296)	-
Amount recognized as revenue during the year	(2,881,768)	(1,613,581)
Balance, end of year	<u>\$ 1,555,557</u>	<u>\$ 3,071,541</u>

The above is comprised of the following:

Rosy Foundation	\$ 1,177,920	\$ 1,576,000
Government of Alberta	287,302	887,209
Edmonton Oilers Community Foundation	65,335	477,172
Allstate	25,000	-
Red Cross	-	131,160
	<u>\$ 1,555,557</u>	<u>\$ 3,071,541</u>

FOOD BANKS ALBERTA ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2025

9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 112,787	\$ 140,520
Contributions received	39,296	-
Recognized as revenue	<u>(26,116)</u>	<u>(27,733)</u>
Balance, end of year	<u>\$ 125,967</u>	<u>\$ 112,787</u>

10. NET ASSETS

	<u>2025</u>	<u>2024</u>
<u>General Funds</u>		
Unrestricted	\$ 176,631	\$ 323,707
Invested in tangible capital assets	<u>153,613</u>	<u>204,693</u>
	<u>330,244</u>	<u>528,400</u>
<u>Internally Restricted Funds</u>		
Operating reserve	1,089,172	1,089,172
Disaster relief reserve	<u>44,479</u>	<u>44,479</u>
	<u>1,133,651</u>	<u>1,133,651</u>
Grand Total	<u>\$ 1,463,895</u>	<u>\$ 1,662,051</u>

Internally restricted funds cannot be utilized without Board approval.

11. FOOD DONATIONS IN-KIND

The food donations are valued at an average price per pound of \$3.64 based on the Food Banks Canada national valuation standard or based on wholesale cost. In 2025, management estimates that approximately 3,368,534 pounds of food were received and distributed (2024 - 1,970,312 pounds at \$3.52 per pound) for a total value of \$12,261,463 (2024 - \$6,935,498).

12. COMMITMENTS

The Association has the following lease commitment for the warehouse space as follows:

2026	\$ 185,573
2027	185,063
2028	<u>46,266</u>
	<u>\$ 416,902</u>

FOOD BANKS ALBERTA ASSOCIATION**Notes to Financial Statements****Year Ended December 31, 2025**

13. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2025.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association's financial instruments that are exposed to credit risk are primarily cash and accounts receivable. The Association maintains its cash and term deposits in a major financial institution. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of customers which minimizes concentration of credit risk.

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 funders and donors, and other related sources including accounts payable and accrued liabilities.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its term deposits.

14. COMPARATIVE FIGURES

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