



Financial Statements

Peter McKee Community Centre

March 31, 2023

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Independent Practitioner's Review Engagement Report

To the Members of
Peter McKee Community Centre

We have reviewed the accompanying financial statements of Peter McKee Community Centre that comprise the statement of financial position as at March 31, 2023 and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Independent Practitioner's Review Engagement Report (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Peter McKee Community Centre as at March 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.

Moncton, Canada
October 24, 2023

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

Peter McKee Community Centre

Statement of Operations

Year ended March 31

	2023	2022
Donated food (Note 7)	\$ 3,149,469	\$ 2,887,000
Distribution of food (Note 7)	<u>3,149,469</u>	<u>2,887,000</u>
	<u>-</u>	<u>-</u>
Revenue		
Donations	503,734	369,514
Grants	265,016	148,091
Other income	35,435	51,504
Medavie kitchen	44,491	34,803
Rotary Club Garden Centre	17,114	14,010
Amortization of deferred contributions related to property and equipment (Note 4)	<u>26,389</u>	<u>-</u>
	<u>892,179</u>	<u>617,922</u>
Expenses		
Amortization	65,453	1,220
Administrative expenses (Note 8)	266,295	168,666
Warehouse and occupancy costs (Note 8)	158,244	117,580
Medavie kitchen (Note 8)	49,607	71,307
Food and program purchases	267,104	52,714
Rotary Club Garden Centre	<u>19,073</u>	<u>26,370</u>
	<u>825,776</u>	<u>437,857</u>
Excess of revenues over expenses	<u>\$ 66,403</u>	<u>\$ 180,065</u>

Peter McKee Community Centre

Statement of Changes in Net Assets

Year ended March 31

2023

	Balance, beginning of year	Excess (deficiency) of revenues over expenses	Invested in property and equipment	Interfund transfer	Balance, end of year
Invested in property and equipment	\$ -	\$ (39,064)	\$ 366,650	\$ 28,374	\$ 355,960
Unrestricted	180,065	105,467	-	(28,374)	257,158
	<u>\$ 180,065</u>	<u>\$ 66,403</u>	<u>\$ 366,650</u>	<u>\$ -</u>	<u>\$ 613,118</u>

Year ended March 31

2022

	Balance, beginning of year	Excess (deficiency) of revenues over expenses	Balance, end of year
Unrestricted	\$ -	\$ 180,065	\$ 180,065
	<u>\$ -</u>	<u>\$ 180,065</u>	<u>\$ 180,065</u>

Peter McKee Community Centre

Statement of Financial Position

March 31

2023

2022

Assets

Current

Cash and cash equivalents	\$ 284,381	\$ 196,184
Accounts receivable	6,868	5,695
Prepaid expenses	1,656	2,838
Harmonized sales tax receivable	<u>28,829</u>	<u>11,760</u>
	321,734	216,477

Long-term

Property and equipment (Note 3)	<u>842,921</u>	<u>8,621</u>
	<u>\$ 1,164,655</u>	<u>\$ 225,098</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 34,177	\$ 36,291
Unearned revenue	<u>30,399</u>	<u>8,742</u>
	64,576	45,033

Long-term

Deferred revenue (Note 4)	<u>486,961</u>	<u>-</u>
	<u>551,537</u>	<u>45,033</u>

Net Assets

Invested in property and equipment	355,960	-
Unrestricted	<u>257,158</u>	<u>180,065</u>
	<u>613,118</u>	<u>180,065</u>
	<u>\$ 1,164,655</u>	<u>\$ 225,098</u>

Commitments (Note 5)

On behalf of the Board

_____ Member

Peter McKee Community Centre

Statement of Cash Flows

Year ended March 31

2023

2022

Increase (decrease) in cash

Operating

Excess of revenues over expenses	\$ 66,403	\$ 180,065
Items not affecting cash		
Amortization	65,453	1,220
Amortization of deferred contributions related to property and equipment	(26,389)	-
	105,467	181,285
Change in non-cash working capital items		
Accounts receivable	(1,173)	(5,695)
Prepaid expenses	1,182	(2,838)
Harmonized sales tax	(17,069)	(11,760)
Accounts payable and accrued liabilities	(2,114)	36,291
Unearned revenue	21,657	8,742
	107,950	206,025

Investing

Deferred contributions transferred (Note 4)	513,350	-
Investment in property and equipment	366,650	-
Purchase of property and equipment	(19,753)	(9,841)
Transfer of property and equipment (Note 3)	(880,000)	-
	(19,753)	(9,841)

Increase in cash 88,197 196,184

Cash

Beginning of year	196,184	-
End of year	\$ 284,381	\$ 196,184

Peter McKee Community Centre

Notes to the Financial Statements

March 31, 2023

1. Nature of operations

Peter McKee Community Centre (the "Organization") is a non-profit Organization, incorporated under the Laws of New Brunswick on March 23, 2021 and was registered as having a tax-exempt status as a registered charity under the Income Tax Act on June 17, 2022. The Organization previously operated as a division under the Food Depot Alimentaire.

The Organization's mission is to create a healthier city by empowering people, increasing access to healthy food, and advocating for systemic changes that reduce food insecurity. The Organization operates a food bank and community teaching kitchen to support the Greater Moncton area.

2. Significant accounting policies

These financial statements were prepared in accordance with Part III of the Chartered Professional Accountants of Canada (CPA Canada) Accounting Handbook - Accounting Standards for Not-for-Profit Organizations (ASNPO), which sets out generally accepted accounting principles for not-for-profit Organizations in Canada and include the significant accounting policies as described hereafter.

Fund accounting deferred

The Organization follows the deferral method of accounting for contributions which includes donations and grants from government and other sources.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. 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.

Government assistance

Government assistance received to cover current period expenses are accounted for as income.

Government assistance received specified to cover future expenses are deferred and amortized as income in the period in which the expenses are incurred.

Government assistance received for the acquisition of long lived assets are recorded as deferred government assistance and is amortized on the same basis and according to the same rates as the related long lived asset.

Government grants are recorded when there is reasonable assurance that the Organization has complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Peter McKee Community Centre

Notes to the Financial Statements

March 31, 2023

2. Significant accounting policies (continued)

Donations-in-kind

Donated food and its subsequent distribution to the Greater Moncton community, community kitchens and agencies are valued based on management's best estimate using the average cost per pound for the year valued by Food Banks Canada. Since it is donated to the Greater Moncton community, community kitchens, and agencies, the Organization has chosen to not record inventory of donated food as an asset in these financial statements. See note 8 for estimated value.

Volunteers at the Organization contribute an indeterminable number of hours per year to promote and support the Organization's activities. Due to the difficulty in determining the estimated fair value for contributed services, they are not recognized in the financial statements.

Other donated materials and services are not recorded because the fair market value is not readily determinable. With the exception of volunteer time, such material and services are not significant.

Cash and cash equivalents

Cash and cash equivalents include cash, gift cards on hand and balances with credit unions net of overdraft. Gift cards with a value of \$2,278 (2022 - \$4,810) are included in cash and cash equivalents on the Statement of Financial Position.

Inventory

Purchased inventory is recorded at the lower of cost or net realizable value. Cost is determined using the retail method. Inventory of donated food is not recorded by management.

Property and equipment

Property and equipment acquired is initially measured at cost and subsequently measured at cost less accumulated amortization.

Property and equipment contributed is recorded at fair value at the date of contribution and subsequently measured at cost less accumulated amortization.

Amortization is provided on the declining balance basis over the assets' useful lives using the rates disclosed in Note 3.

The Organization reviews the carrying value of property and equipment on an ongoing basis, taking into consideration any events or circumstances which might have impaired the carrying value. If it is determined that the carrying amount is not recoverable, the asset is written down to its estimated fair value.

Peter McKee Community Centre

Notes to the Financial Statements

March 31, 2023

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues 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.

Significant items subject to such estimates and assumptions include the estimated useful lives of equipment, valuation of inventory and the estimation of accrued liabilities. Accordingly, the measurement of those items reflects management's best estimates taking account of all the information available at the time. Actual results could differ from those estimates.

Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments:

- cash and cash equivalents
- accounts receivables
- other financial assets
- accounts payable and accrued liabilities

A financial asset or liability is recognized when the Organization becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

The Organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Peter McKee Community Centre

Notes to the Financial Statements

March 31, 2023

3. Property and equipment

				<u>2023</u>	<u>2022</u>
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Buildings	4%	\$ 773,368	\$ 41,986	\$ 731,382	\$ -
Paving	8%	9,727	778	8,949	-
Office equipment	20%	60,708	10,167	50,541	-
Warehouse equipment	20%	50,992	10,607	40,385	4,596
Computer equipment	30	4,735	1,917	2,818	4,025
Fences	20%	7,942	794	7,148	-
Signs	20%	2,123	425	1,698	-
		<u>\$ 909,595</u>	<u>\$ 66,674</u>	<u>\$ 842,921</u>	<u>\$ 8,621</u>

During the year, \$880,000 of property and equipment was transferred from Food Depot Alimentaire Inc. At the time of transfer, the transaction represented a related party transaction, therefore the assets were transferred at their carrying value. \$513,350 of corresponding deferred contributions were also transferred, resulting in an investment in property and equipment of \$366,650 from the organization.

4. Deferred contributions related to property and equipment

	<u>Beginning of year</u>	<u>Net received</u>	<u>Recognized</u>	<u>Total</u>
Land and building	\$ -	\$ 475,058	\$ 19,002	\$ 456,056
Other property and equipment	-	38,292	7,387	30,905
	<u>\$ -</u>	<u>\$ 513,350</u>	<u>\$ 26,389</u>	<u>\$ 486,961</u>

During the year, \$513,350 of deferred contributions were transferred from Food Depot Alimentaire Inc. (along with the corresponding property and equipment with a carrying value of \$880,000). At the time of transfer, the transaction represented a related party transaction, therefore the deferred contributions were transferred at their carrying value. This resulted in a contribution of \$366,650 from the organization which was invested in property and equipment.

5. Commitments

In 2016, the Food Depot Alimentaire purchased a building located on St-George Street to offer more services to the community. The land is owned by Her Majesty in Right of Canada and is subject to a lease in favour of the City of Moncton and was further subleased to the Food Depot Alimentaire. During the year, this sublease was transferred to the Peter McKee Centre (see note 4). The term of the lease is 25 years with a yearly payment of \$1 to the City. Upon expiry of the term of earlier termination of the lease, the Organization shall vacate the demised premises and the ownership of the building will vest in the City of Moncton without any compensation to the Organization.

Peter McKee Community Centre

Notes to the Financial Statements

March 31, 2023

6. Financial instruments

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage those risks. The following analysis provides a measure of the Organization's risk exposures and concentrations at March 31, 2023.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its cash and receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its payables and accruals.

7. Donated food

Food distributed consists of purchased food and receipted and non-receipted food donations. Since the food is distributed to members and individuals, the inventory has no net realizable value. Therefore in accordance with accounting standards for not-for-profit organizations, inventory has not been recorded as an asset in the statements of the Organization. The total pounds of food distributed during the year was 981,143 lbs (2022 - 1,110,680 lbs).

Peter McKee Community Centre

Notes to the Financial Statements

March 31, 2023

8. Expenses

Administrative expenses

	<u>2023</u>	<u>2022</u>
Advertising	\$ 5,522	\$ 2,219
Database management	15,261	11,661
Office supplies	2,842	2,714
Other	18,327	8,570
Professional fees	4,486	5,281
Telephone	4,802	5,069
Wages and benefits	<u>215,055</u>	<u>133,152</u>
	<u>\$ 266,295</u>	<u>\$ 168,666</u>

Warehouse and occupancy costs

	<u>2023</u>	<u>2022</u>
Building repairs	\$ 13,759	\$ 19,182
Maintenance	28,285	15,873
Other	21,540	7,025
Utilities	54,274	52,960
Wages and benefits	28,832	13,939
Warehouse supplies	<u>11,554</u>	<u>8,601</u>
	<u>\$ 158,244</u>	<u>\$ 117,580</u>

Medavie kitchen

	<u>2023</u>	<u>2022</u>
Consultant fees	\$ 38,791	\$ 39,780
Food purchases	984	5,837
Other	3,544	4,582
Repairs and maintenance	5,817	3,433
Supplies	471	2,675
Wages and benefits	<u>-</u>	<u>15,000</u>
	<u>\$ 49,607</u>	<u>\$ 71,307</u>
