



Financial Statements

Food Depot Alimentaire Inc.

March 31, 2022

Contents

	Page
Independent Auditor's Report	1 - 3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 16

Independent Auditor's Report

To the Board of Directors of
Food Depot Alimentaire Inc.

Qualified opinion

We have audited the financial statements of Food Depot Alimentaire Inc., which comprise the statement of financial position as at March 31, 2022, and 2021, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, and 2021, 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 qualified opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities, of which the completeness is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021, and net assets as at April 1 and March 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Organization 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 qualified opinion.

Other matter

The financial statements of the Organization for the period ended March 31, 2021 were reviewed by another accountant.

Independent Auditor's Report (continued)

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Independent Auditor's Report (continued)

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.

Moncton, Canada
January 19, 2023

Grant Thornton LLP

Chartered Professional Accountants

Food Depot Alimentaire Inc. Statement of Operations

Year ended March 31	12 months ended 2022	9 months ended 2021
Donated food (Note 9)	\$ 10,949,237	\$ 9,504,624
Distribution of food (Note 9)	<u>10,949,237</u>	<u>9,504,624</u>
	<u>-</u>	<u>-</u>
Revenue		
50/50 draw	2,668,445	1,110,445
Donations	1,226,381	1,394,444
Breakfast program	321,311	141,530
McCain funding - Indigenous program	142,809	-
Peter McKee Community Centre	-	291,647
Amortization of deferred contributions related to property and equipment	109,528	79,683
Other income	<u>116,706</u>	<u>191,031</u>
	<u>4,585,180</u>	<u>3,208,780</u>
Expenditures		
Food and cash distributed to various Food Banks (Note 10)	1,469,588	1,155,553
50/50 expenses (Note 10)	649,291	274,451
Breakfast program (Note 10)	306,605	138,081
Food delivery and recovery (Note 10)	361,086	310,910
Warehouse and occupancy costs (Note 10)	414,218	280,368
Administrative expenses (Note 10)	362,892	262,338
Amortization or property and equipment	233,450	87,989
Peter McKee Community Centre	-	353,379
McCain funding - Indigenous donation	<u>142,809</u>	<u>-</u>
	<u>3,939,939</u>	<u>2,863,069</u>
Excess of revenues over expenses	<u>\$ 645,241</u>	<u>\$ 345,711</u>

Food Depot Alimentaire Inc. Statement of Changes in Net Assets

Year ended March 31 12 months
ended
2022

	Balance, beginning of year	Excess (deficiency) of revenues over expenses	Interfund transfer	Balance, end of year
Invested in property and equipment	\$ 1,001,850	\$ (123,932)	\$ 170,613	\$ 1,048,531
Unrestricted	1,668,543	766,770	(1,902,751)	532,562
Capital reserve	300,000	2,403	300,000	602,403
Operational reserve	-	-	1,432,138	1,432,138
	<u>\$ 2,970,393</u>	<u>\$ 645,241</u>	<u>\$ -</u>	<u>\$ 3,615,634</u>

Year ended March 31 9 months
ended
2021

	Balance, beginning of year	Excess (deficiency) of revenues over expenses	Interfund transfer	Balance, end of year
Invested in property and equipment	\$ 610,908	\$ (40,971)	\$ 431,913	\$ 1,001,850
Unrestricted	2,013,774	386,682	(731,913)	1,668,543
Capital reserve	-	-	300,000	300,000
	<u>\$ 2,624,682</u>	<u>\$ 345,711</u>	<u>\$ -</u>	<u>\$ 2,970,393</u>

Food Depot Alimentaire Inc.

Statement of Financial Position

March 31

2022

2021

Assets

Current

Cash and cash equivalents	\$ 2,479,156	\$ 2,429,722
Accounts receivable	169,915	224,042
Prepaid expenses	5,615	18,976
Harmonized sales tax receivable	25,283	19,097
	<u>2,679,969</u>	<u>2,691,837</u>

Long-term

Capital and operational reserves (Note 3)	2,034,541	300,000
Property and equipment (Note 4)	2,794,494	2,699,114
	<u>4,829,035</u>	<u>2,999,114</u>
	<u>\$ 7,509,004</u>	<u>\$ 5,690,951</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 186,263	\$ 99,010
Unearned income	967,472	884,285
Unearned income - Province of New Brunswick grant (Note 5)	1,000,000	-
Current portion of capital lease obligation	-	583
	<u>2,153,735</u>	<u>983,878</u>

Long-term

CEBA loan	-	40,000
Deferred contributions related to property and equipment (Note 6)	1,739,635	1,696,680
	<u>1,739,635</u>	<u>1,736,680</u>
	<u>3,893,370</u>	<u>2,720,558</u>

Fund balances

Invested in property and equipment	1,048,531	1,001,850
Unrestricted	532,562	1,668,543
Capital reserve	602,403	300,000
Operational reserve	1,432,138	-
	<u>3,615,634</u>	<u>2,970,393</u>
	<u>\$ 7,509,004</u>	<u>\$ 5,690,951</u>

Commitments (Note 8)

Subsequent events (Note 7)

On behalf of the board

_____ Member

_____ Member

Food Depot Alimentaire Inc.

Statement of Cash Flows

Year ended March 31	12 months ended 2022	9 months ended 2021
Increase (decrease) in cash		
Operating		
Excess of revenues over expenses	\$ 645,241	\$ 345,711
Items not affecting cash		
Amortization of property and equipment, net of disposals	227,134	120,654
Amortization of deferred contributions related to property and equipment	<u>(109,528)</u>	<u>(79,683)</u>
	762,847	386,682
Change in non-cash working capital items		
Accounts receivable	54,127	(89,841)
Prepaid expenses	13,361	(13,808)
Harmonized sales tax	(6,186)	21,902
Accounts payable and accrued liabilities	87,253	(115,710)
Unearned income	83,187	521,260
Unearned income - Province of New Brunswick grant	<u>1,000,000</u>	<u>-</u>
	<u>1,994,589</u>	<u>710,485</u>
Financing		
Repayment of CEBA loan	(40,000)	-
Repayment of capital lease obligation	(583)	(1,259)
Repayment of demand loan	-	(25,000)
Repayment of demand note	<u>-</u>	<u>(16,139)</u>
	<u>(40,583)</u>	<u>(42,398)</u>
Investing		
Transfer to operational reserve	(1,434,541)	-
Transfer to capital reserve	(300,000)	(300,000)
Purchase of property and equipment, net of proceeds	(322,513)	(436,681)
Deferred contributions received	<u>152,482</u>	<u>47,166</u>
	<u>(1,904,572)</u>	<u>(689,515)</u>
Increase (decrease) in cash	49,434	(21,428)
Cash		
Beginning of year	<u>2,429,722</u>	<u>2,451,150</u>
End of year	<u>\$ 2,479,156</u>	<u>\$ 2,429,722</u>

Food Depot Alimentaire Inc.

Notes to the Financial Statements

March 31, 2022

1. Nature of operations

Food Depot Alimentaire Inc. (the "Organization") is a non-profit Organization, incorporated under the Laws of the Province of New Brunswick, whose mission is the storage and distribution of food to the various food banks, community kitchens and agencies located in the Province of New Brunswick.

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:

Donations-in-kind

Donated food and its subsequent distribution to food banks, 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 food banks, community kitchens, and agencies, the Organization has chosen to not record inventory of donated food as an asset in these financial statements. See note 9 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.

The Organization may choose to recognize donations in-kind and services when management can reasonably estimate the fair value of the donated goods or services and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

Revenue recognition

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. Deferred capital contributions are amortized and taken into income at the same rate as the underlying asset purchased.

Donated food is recognized at the time the food is distributed to food banks, community kitchens and agencies, and is valued based on Food Bank Canada's food valuation metric.

Sale of 50/50 tickets are recognized when the draws are made and the amount to be received can be reasonably estimated and collection is reasonably assured. Sale of products are recognized when all the risks and benefits of ownership of product has been transferred to the customers, the price is fixed or determinable and collection is reasonably assured. Included in 50/50 draw revenue is the distribution of funds to winners of (\$2,668,445) (2021 - (\$1,110,445)).

Food Depot Alimentaire Inc.

Notes to the Financial Statements

March 31, 2022

2. Significant accounting policies (continued)

Reserves

The Organization has established an operational reserve fund and a capital reserve fund.

The operational reserve fund, established in fiscal 2022, is to ensure the sustainability of the Organization. Each year, at the board's discretion, amounts can be transferred to or from the fund.

The capital reserve fund, established in fiscal 2021, is used to account for capital assets, including their acquisition, financing, amortization and disposal. Operating costs of capital assets are accounted for in the operating fund.

Government assistance

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

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 \$20,376 (2021 - \$107,811) 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 (see note 9 for the estimated value).

Property and equipment

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

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

Amortization is provided on the declining and straight-line basis over the assets' useful lives using the rates disclosed in note 4.

Food Depot Alimentaire Inc.

Notes to the Financial Statements

March 31, 2022

2. Significant accounting policies (continued)

Property and equipment (continued)

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.

Leases

A capital lease is a lease where substantially all the benefits and risks incidental to ownership of the asset are transferred to the Company, but not the legal ownership.

A capital lease is accounted for as an asset as well as an obligation. Accordingly, capital leases are recognized by recording an asset and a liability at the present value of the minimum lease payments, excluding the portion thereof relating to executor costs. However, the maximum value recorded for the asset and obligation will not exceed the leased asset's fair value.

The capitalized value of the depreciable asset is amortized over the lease term. However, if the ownership is eventually to pass to the Organization, or a bargain purchase option is allowed, the amortization period will be the economic useful life of the asset.

An obligation under a capital lease is similar to a loan. Lease payments are allocated as a reduction of the obligation, interest expense and any related executor costs. The interest expense is calculated using the discount rate computing the present value of the minimum lease payments applied to the remaining balance of the obligation.

An operating lease is a lease where substantially all the benefits and risks incidental to ownership of the property are not transferred to the Company.

Lease rentals under operating leases are included in the determination of the net surplus or deficit over the lease term on a straight-line basis.

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 property and equipment, the 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:

Food Depot Alimentaire Inc.

Notes to the Financial Statements

March 31, 2022

2. Significant accounting policies (continued)

Financial instruments (continued)

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

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.

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.

3. Capital and operational reserves

Capital and operational reserves balances represent funds set aside to meet the objectives of each reserve as disclosed in note 2. The total capital reserve balance is \$602,403 (2021 - \$300,000) and total operational reserve balance is \$1,432,138 (2021 - \$nil).

Food Depot Alimentaire Inc.

Notes to the Financial Statements

March 31, 2022

4. Property and equipment

				<u>2022</u>	<u>2021</u>
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land		\$ 124,489	\$ -	\$ 124,489	\$ 124,489
Buildings	4%	2,618,269	638,020	1,980,249	2,065,672
Equipment	20-30%	591,573	369,903	221,670	219,214
Vehicles	30%	425,005	142,920	282,085	109,553
Paving	8%	210,572	57,273	153,299	143,692
Database management and hardware	20%	70,162	47,624	22,538	23,789
Fences	20%	5,886	2,172	3,714	4,643
Signs	20%	9,965	7,743	2,222	2,778
Garden shed	20%	5,713	1,485	4,228	5,284
		<u>\$ 4,061,634</u>	<u>\$ 1,267,140</u>	<u>\$ 2,794,494</u>	<u>\$ 2,699,114</u>

Equipment consists of:

Forklift	\$ 83,471	\$ 55,508	\$ 27,963	\$ 20,498
Warehouse equipment	314,290	206,511	107,779	102,302
Lottery equipment	36,488	11,283	25,205	22,369
Office equipment	64,902	38,566	26,336	31,061
Kitchen equipment	92,422	58,035	34,387	42,984
	<u>\$ 591,573</u>	<u>\$ 369,903</u>	<u>\$ 221,670</u>	<u>\$ 219,214</u>

5. Unearned income - Province of New Brunswick grant

In March 2022, the Province of New Brunswick awarded the Organization the receipt of \$1,000,000 which shall be used in accordance with terms of the grant program. The funds shall be used to address food insecurity in the Province by purchasing specific food items for distribution, by increasing food sourced by local suppliers, or by an equitable distribution to member food banks and or soup kitchens. As such, the grant has been deferred and will be recognized in revenue when the associated expenditures occur which are expected to be complete by March 2023.

6. Deferred contributions related to property and equipment

	Balance, beginning of year	Net received (disposed of)	Recognized	Balance, end of year
Land and building	\$ 1,614,021	\$ -	\$ (64,561)	\$ 1,549,460
Other property and equipment	82,659	152,482	(44,966)	190,175
	<u>\$ 1,696,680</u>	<u>\$ 152,482</u>	<u>\$ (109,527)</u>	<u>\$ 1,739,635</u>

Food Depot Alimentaire Inc.

Notes to the Financial Statements

March 31, 2022

7. Subsequent events

Effective April 1, 2021, the Peter McKee Centre was no longer operated by the Organization. The assets and related property lease were not legally transferred to the Peter McKee Centre until after March 31, 2022. Therefore, the property and equipment related to the operations of the Peter McKee Centre will be transferred in fiscal 2023. The following table reflects the proposed transfer:

Property and equipment: decrease \$880,000
Deferred contributions: decrease \$513,000

Net assets transferred represent \$367,000 which will be recorded as a donation expense. The transfer of the related assets represents a related party transaction recorded at the carrying value of the assets.

8. Commitments

In 2016, the Organization 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 further subleased to the Organization. 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. Subsequent to year end, this lease was transferred to the Peter McKee Centre (see note 7).

In 2019, the Organization entered into a service agreement with Link2Feed Inc. for the limited, non-exclusive and non-transferable license to remotely access and use the web-based client database management software "Link2feed". Under this service agreement, the Organization is to pay \$925 per month until the agreement is terminated, which would occur 365 days after receiving written notice from the Organization.

The Organization is committed to pay the amount of \$105,830 through 2026 in fixed charges for an operating lease on a vehicle. Annual payments are: 2023 - \$33,420, 2024 - \$33,420, 2025 - \$33,420, and 2026 - \$5,570. There are additional charges when kilometres driven and hours of refrigeration are in excess of the fixed charge allocation.

9. Donated food

	<u>12 months ended 2022</u>	<u>9 months ended 2021</u>
Estimated value of food donated during the year	\$ 11,510,158	\$ 9,453,293
Estimated food inventory at beginning of year	1,005,291	1,056,622
Estimated food inventory at end of year	<u>(1,566,212)</u>	<u>(1,005,291)</u>
	<u>\$ 10,949,237</u>	<u>\$ 9,504,624</u>

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 4,426,984 lbs (2021 - 5,030,840 lbs).

Food Depot Alimentaire Inc.

Notes to the Financial Statements

March 31, 2022

10. Expenses

	12 months ended 2022	9 months ended 2021
Food and cash distributions to Food Banks		
Food purchases for food banks	\$ 628,678	\$ 659,806
Christmas food purchases	157,440	68,721
Food storage	-	215
Anglophone East purchases	<u>22,104</u>	<u>18,834</u>
	808,222	747,576
Cash distributions to food banks	<u>661,366</u>	<u>407,977</u>
	<u>\$ 1,469,588</u>	<u>\$ 1,155,553</u>
50/50 expenses		
Wages and benefits	\$ 123,500	\$ 70,111
Royalties	286,992	122,418
Commissions to stores	75,023	-
Advertising	91,989	24,070
Other	<u>71,787</u>	<u>57,852</u>
	<u>\$ 649,291</u>	<u>\$ 274,451</u>
Breakfast program		
Food purchases	\$ 214,192	\$ 85,617
Wages and benefits	59,405	44,109
Other	<u>33,008</u>	<u>8,355</u>
	<u>\$ 306,605</u>	<u>\$ 138,081</u>
Food delivery and recovery		
Wages and benefits	\$ 110,164	\$ 83,620
Vehicle operating costs	165,818	150,459
Food transportation	<u>85,104</u>	<u>76,831</u>
	<u>\$ 361,086</u>	<u>\$ 310,910</u>

Food Depot Alimentaire Inc.

Notes to the Financial Statements

March 31, 2022

10. Expenses (continued)

Warehouse and occupancy costs

Wages and benefits	\$	244,931	\$	175,961
Building repairs		29,683		15,239
Equipment repairs		32,544		21,305
Utilities		55,046		36,950
Warehouse supplies		15,427		11,215
Other		36,587		19,698
		<u> </u>		<u> </u>
	\$	<u>414,218</u>	\$	<u>280,368</u>

Administrative expenses

Wages and benefits	\$	172,685	\$	125,683
Professional fees		74,858		11,925
Advertising and promotion		9,907		9,890
Office supplies		10,422		8,221
Telephone		13,078		10,402
Database management		54,862		27,195
Loss on disposition of assets		-		23,562
Other		27,080		45,461
		<u> </u>		<u> </u>
	\$	<u>362,892</u>	\$	<u>262,339</u>

11. Interfund transfer

Invested in property and equipment

		<u>2022</u>		<u>2021</u>
Deferred contribution additions	\$	(152,483)	\$	(47,166)
Repayment of long-term debt		-		16,139
Repayment of capital lease		583		1,259
Repayment of note payable		-		25,000
Purchase of property and equipment		322,513		439,290
Proceeds of property and equipment		-		(2,609)
		<u> </u>		<u> </u>
	\$	<u>170,613</u>	\$	<u>431,913</u>

During the year, the Board approved a transfer of \$300,000 (2021 - \$300,000) from the unrestricted fund to the capital reserve and a transfer of \$1,432,138 from the unrestricted fund to the operational reserve.

Food Depot Alimentaire Inc.

Notes to the Financial Statements

March 31, 2022

12. 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, 2022.

(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. Cash flow from operations provides a substantial portion of the Organization's cash requirements.

(c) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is mainly exposed to interest rate risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its line of credit bearing a fixed and floating interest rate.

13. Credit facility

The Organization has an authorized a line of credit in the amount of \$50,000 (2021- \$50,000) with interest at the rate of the Credit Union prime plus 1% of which no balance was owing as of March 31, 2022. This is secured by a General Security Agreement from the Organization.
