

Food Valuation: Understanding the value of donated food

June 2022

Table of Contents

- The value of donated food
- The purpose of a credible food valuation estimate
- Determining the value of donated food
- How do we use the value of donated food?
 - For donors
 - For financial statements

The value of donated food

Food Banks Canada in partnership with NielsenIQ has established an updated national value for donated food*:

\$3.21 per lb

\$7.07 per kg

Purpose of a credible food valuation estimate

Food valuation clearly communicates impact:

Builds trust in our work

By providing an accurate estimate of the value of food donated / shared with people needing food assistance

For use by donors and partners

A consistently used national estimate of value of food donated that can be used by your donors and partners

- For food bank campaigns and messaging
- As support statements for donor initiatives

A credible \$ estimate for lbs of donated food

To provide a valuation for food banks' annual reporting to their donors and supporters.

Determining the value of donated food

Input 1- Grocery Category Data

Grocery category data is received from NielsenIQ

- Nielsen IQ employs advanced data collection methodologies and measurement science
- NielsenIQ receives scanning data from major grocery retailers across the country in the following categories:
 - Grocery: Wet / Dry (non-perishable foods)
 - Meat and Seafood
 - Produce
 - Dairy: Wet / Dry
 - Dry and Wet categories have been selected and isolated based on previous feedback and guidance from Food Banks Canada
 - Bakery
- Data was collected over a 52 week period ending March 26, 2022
- The collected data provides an average on the price of food per ton in the designated categories

Determining the value of donated food

Input 1- Grocery Category Data

Please note:

- Category data is proprietary to NielsenIQ
- Access to this data may be requested by your auditors and/or accountants
- Food Banks Canada can share this data upon sign-off of NielsenIQ's 3rd Party Agreement
 - Please contact Joanna Hillier at joanna@foodbankscanada.ca for more details

Determining the value of donated food

Input 2 – Food Bank Data

Inventory and hamper data is received from food banks across the country

Selection of Food Banks

- Small, medium, and large size food banks (according to Hunger Count data) are selected from each province to participate
- The total number of food banks selected is based on the minimum requirement for statistical significance

Collecting Data

- Surveys requesting data on inventory weights and hamper contents, are sent to and collected from selected food banks within a 3-week time frame

Calculations

- Data is divided into designated grocery categories for each food bank
- Percentage of each category is calculated for each food bank
- Overall average for each category is determined

Determining the value of donated food

Collecting Data: Inventory Method

Approach 1: Estimated Annual Donated Food Inventory

Please indicate the volume in weight in food you received in 2021.

Indicate unit of measure: Lbs Kgs

If possible, please indicate estimated volume by weight for each food category for the year:

| Non-Perishable Foods | | Meat/Seafood | Produce | Dairy | | Bakery |
|--|---|--|--------------------------------|----------------------------------|--|---|
| Dry Goods | Wet Goods | Fresh only | Fresh only | Liquid | Dry | Dry |
| Include: pasta/noodles, rice, canned & frozen fruit and veg, canned meats and fish, crackers, dry snacks, cookies, spices, baking ingredients, flour peanut butter, coffee, canned beans, frozen meals and potatoes | Tomato sauces, sauces, salad dressing, apple sauce, Beverages (excl. Milk); jams, canned soup | Beef Chicken Pork Lamb Fish Other meats and seafood | All fresh fruit and vegetables | Refrigerated Milk and Soy drinks | Cheese, Yogurt, Eggs, Sour cream, cottage cheese | Bread, flatbreads, muffins, cakes, bagels |
| | | | | | | |

Determining the value of donated food

Collecting Data: Hamper Method

Approach 2: Average Hamper Contents

Please indicate the types of items in your hamper and the number of each item OR you may provide your typical hamper list listing the items and number of items

*For example: If your hampers include canned soup, a package of rice and pasta sauce:
Dry: 2x canned soup; 1x bag of rice; Wet: 1x pasta sauce*

| Non-Perishable Foods | | Meat/Seafood | Produce | Dairy | | Bakery |
|----------------------|-----------|--------------|------------|--------|-----|--------|
| Dry Goods | Wet Goods | Fresh only | Fresh only | Liquid | Dry | Dry |
| | | | | | | |

Determining the value of donated food

Collecting Data*

| NB Food Bank | | |
|------------------|---------------|-------------|
| Inventory Method | Pounds (lb) | % of total |
| Grocery - dry | 22,500 | 45% |
| Grocery - wet | 5,000 | 10% |
| Meat/Seafood | 7,500 | 15% |
| Produce | 2,500 | 5% |
| Dairy - wet | 10,000 | 20% |
| Dairy - dry | 2,500 | 5% |
| Total | 50,000 | 100% |

| NB Food Bank | | |
|---------------|------------|-------------|
| Hamper Method | # of items | % of total |
| Grocery - dry | 15 | 45% |
| Grocery - wet | 3 | 10% |
| Meat/Seafood | 5 | 15% |
| Produce | 2 | 5% |
| Dairy - wet | 6 | 20% |
| Dairy - dry | 2 | 5% |
| Total | 33 | 100% |

**Please note this data is for presentation of methodology only, and not used in actual calculations*

Determining the value of donated food

Calculations: Category percentages

| | *NB Food Bank | *BC Food Bank | *ON Food Bank | *Average |
|----------------------|----------------------|----------------------|----------------------|-----------------|
| Grocery - dry | 45% | 35% | 40% | 40% |
| Grocery - wet | 10% | 15% | 15% | 14% |
| Meat/Seafood | 15% | 4% | 10% | 10% |
| Produce | 5% | 22% | 15% | 14% |
| Dairy - wet | 20% | 14% | 10% | 15% |
| Dairy - dry | 5% | 10% | 5% | 7% |
| | 100% | 100% | 100% | 100% |

**Please note this data is for presentation of methodology only, and not used in actual calculations*

Determining the value of donated food

Output

The collected data from **Input 1** and **Input 2** are used to calculate the average value of food

- The average percentage across each food bank is calculated for the designated food categories
 - This is calculated separately for each the inventory and hamper methods
- The average percentage is then multiplied by the data provided by NielsenIQ
 - This provides us with an average rate for food in each the inventory and hamper methods
- We then take the average of these methods and that leaves us with the determined food value

Determining the value of donated food

Calculations: Average Rate

| | | | | Food Bank Data | NielsenIQ Data | Calculated Average |
|----------------------|---------------|---------------|---------------|----------------|------------------------|--------------------|
| | *NB Food Bank | *BC Food Bank | *ON Food Bank | *Average | *Average Grocery Price | *Average Rate |
| | | | | A | B | A x B |
| Grocery - dry | 45% | 35% | 40% | 40% | \$ 7.00 | \$ 2.80 |
| Grocery - wet | 10% | 15% | 15% | 14% | \$ 2.00 | \$ 0.28 |
| Meat/Seafood | 15% | 4% | 10% | 10% | \$ 9.00 | \$ 0.90 |
| Produce | 5% | 22% | 15% | 14% | \$ 3.00 | \$ 0.42 |
| Dairy - wet | 20% | 14% | 10% | 15% | \$ 2.00 | \$ 0.30 |
| Dairy - dry | 5% | 10% | 5% | 7% | \$ 10.00 | \$ 0.70 |
| | 100% | 100% | 100% | 100% | | |
| | | | | | per kg | \$ Total Sum |

**Please note this data is for presentation of methodology only, and not used in actual calculations*

Determining the value of donated food

Output

We take the average of the determined average rate for each method, which gives us the national value for donated food.

$$\frac{\text{Inventory Method Average Rate} + \text{Hamper Method Average Rate}}{2}$$

As of June 2022, the national value for donated food is:
\$3.21 per lb or \$7.07 per kg

How to use the value of donated food

Donors can report on the impact of their donation in either pounds (lbs) or dollars (\$):

| | Option 1: Reporting in lbs | Option 2: Reporting in \$ |
|--------------|------------------------------------|-------------------------------------|
| Food Raised | 100,000 lbs | 100,000 lbs |
| Funds Raised | \$10,000 | \$10,000 |
| Conversion | $\$10,000 / \3.21 = 3,115 lbs | 100,000 lbs x \$3.21 = \$321,000 |
| Combined | 103,115 lbs | \$331,000 |

How to use the value of donated food

Financial Statements

Food Banks Canada has worked with their auditors to approve the use of food valuation and have included the value of food in its annual report and audited financial statements.

- For food bank organizations wishing to use the value in their financial statements, or for auditors requesting background information:
 - Food value data can be provided if the food bank organization signs a 3rd party agreement with NielsenIQ
 - Reach out to Joanna Hillier at Food Banks Canada for more information
 - Food banks can report on the value of the total amount of food for your organization collected
 - Ex. 100,000 lbs of food collected in the year is equivalent to \$321,000
 - Please discuss this with your Board, Audit Committee, Auditors, etc, on what this means for your organization

How to use the value of donated food

Financial Statements

| | Without food valuation | With food valuation |
|---|------------------------|---------------------------|
| Revenue (corporate donations) | \$500,000 | \$500,000 |
| Donated food products* | 100,000 lbs | 100,000 lbs =\$321,000 |
| Total revenue | \$500,000 | \$821,000 |
| | | |
| Expenses (programs, admin, donated food products*) | \$500,000 | \$821,000 |

*food that is acquired and shared

THANK YOU
For questions please
reach out to:

Joanna Hillier

Retail Food Program Officer

T: 905-602-5185

E: joanna@foodbankscanada.ca