

# Food Valuation: Understanding the value of donated food

July 2020

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# The value of donated food

Food Banks Canada in partnership with The Nielsen Company has established an updated national value for donated food\*:

**\$2.62 per lb**

**\$5.77 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 The Nielsen Company

- The Nielsen Company employs advanced data collection methodologies and measurement science
- The Nielsen Company 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 December 7, 2019
- The collected data provides an average on the price of food per kg in the designated categories

# Determining the value of donated food

## Input 1- Grocery Category Data

Grocery category data is received from The Nielsen Company

Please note:

- Category data is proprietary to The Nielsen Company
- Access to this data may be requested by your auditors and/or accountants
- Food Banks Canada is able to share this data upon sign-off of The Nielsen Company's 3<sup>rd</sup> Party Agreement
  - Please contact Joanna Hillier at [joanna@foodbankscanada.ca](mailto: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 2019.

Total estimated donated food volume for the year: \_\_\_\_\_

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 The Nielsen Company
  - 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	Nielsen 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 July 2020, the national value for donated food is:**

**\$2.62 per lb or \$5.77 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	$\$10,000 / \$2.62$ = 3,817 lbs	$100,000 \text{ lbs} \times \$2.62$ = \$262,000
Combined	103,817 lbs	\$272,000

# 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 3<sup>rd</sup> party agreement with The Nielsen Company
    - 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 \$262,000
    - 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 =\$262,000
<b>Total revenue</b>	<b>\$500,000</b>	<b>\$762,000</b>
Expenses (programs, admin, donated food products*)	\$500,000	\$762,000

\*food that is acquired and shared

**THANK YOU**  
For questions please  
reach out to:

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