

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE

FINANCIAL STATEMENTS

For the year ended December 31, 2023

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
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December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Interfaith Food Bank Society of Lethbridge

Qualified Opinion

We have audited the financial statements of Interfaith Food Bank Society of Lethbridge, which comprise the statement of financial position as at December 31, 2023, 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 financial statements present fairly, in all material respects, the financial position of Interfaith Food Bank Society of Lethbridge as at December 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Society receives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. We are therefore unable to obtain sufficient appropriate audit evidence regarding the completeness of these revenues. Consequently we were unable to determine whether any adjustments to donations and fundraising revenue were necessary.

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 Society 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.

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

Those charged with governance are responsible for overseeing the Society'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:

INDEPENDENT AUDITOR'S REPORT, continued

Auditor's Responsibilities for the Audit of the Financial Statements, 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 Society'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 Society'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 Society 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.



Lethbridge, Alberta

April 22, 2024

Chartered Professional Accountants

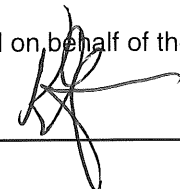
INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
STATEMENT OF FINANCIAL POSITION
As at December 31, 2023

	2023	2022
ASSETS		
Current		
Cash	\$ 408,350	\$ 31,712
Restricted cash (note 3)	460,501	910,151
Accounts receivable	21,117	80,243
Inventory (note 4)	361,948	314,290
Prepaid expenses	17,141	11,851
GST receivable	20,294	19,587
	1,289,351	1,367,834
Capital assets (note 5)	2,359,462	2,216,729
	\$ 3,648,813	\$ 3,584,563

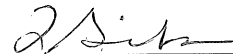
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 79,326	\$ 46,390
Deferred revenue (note 6)	129,722	75,472
Current portion of long-term debt	52,469	80,340
	261,517	202,202
Long-term debt (note 7)	25,738	77,750
Unamortized capital allocations (note 8)	1,336,635	1,185,296
	1,623,890	1,465,248
Net assets		
Unrestricted	749,524	411,294
Internally restricted (note 9)	327,569	831,755
Invested in capital assets	944,620	873,341
Endowment	3,210	2,925
	2,024,923	2,119,315
	\$ 3,648,813	\$ 3,584,563

Approved on behalf of the Board:

Director



Director



INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
STATEMENT OF OPERATIONS
For the year ended December 31, 2023

	2023 Budget (unaudited)	2023 Actual	2022 Actual
Revenue			
Donations and grants (schedule 1)	\$ 769,411	\$ 910,856	\$ 775,195
Christmas fundraiser	350,000	468,156	452,004
Supportive housing	102,000	91,354	76,819
Charity dinner and silent auction	50,000	51,760	51,220
Bakeless bake sale	22,000	30,751	23,845
Second Door Thrift Store	30,000	25,965	26,829
Interest	10,000	8,032	3,271
Miscellaneous	5,500	3,649	5,191
Learning Garden	-	-	2,308
Backpack program	-	-	899
	1,338,911	1,590,523	1,417,581
Expenses			
Wages and benefits	710,000	727,171	592,082
Food and supplies	315,500	591,174	314,960
Utilities	87,000	92,829	77,667
Office and telephone	93,350	91,053	77,133
Repairs and maintenance	45,000	75,929	109,474
Fundraising	36,000	45,056	43,656
Fuel and automotive	21,500	34,708	20,405
Insurance	17,654	16,125	12,809
Freight	5,000	10,417	5,343
Interest on long-term debt	88,800	8,917	7,775
Professional fees	9,000	8,500	13,050
Security	10,000	5,355	7,155
Advertising and promotion	5,000	3,852	6,814
Learning garden	-	3,196	10,129
Interest and bank charges	3,000	2,789	2,544
Licenses and memberships	2,500	2,102	1,993
	1,449,304	1,719,173	1,302,989
(Deficiency) excess of revenue over expenses from operations	(110,393)	(128,650)	114,592
Non-cash revenue (expense)			
Donations - in-kind	-	3,108,378	2,426,438
Amortization of deferred capital allocations	-	104,941	83,754
Amortization	-	(146,675)	(126,793)
Food and supplies - non-cash	-	(3,060,720)	(2,297,265)
	-	5,924	86,134
(Deficiency) excess of revenue over expenses before other	(110,393)	(122,726)	200,726
Other revenue			
COVID-19 grants and subsidies	-	28,334	10,498
(Deficiency) excess of revenue over expenses	\$ (110,393)	\$ (94,392)	\$ 211,224

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2023

	Unrestricted	Internally restricted net assets	Net assets invested in capital assets	Endowment	Total 2023	Total 2022
Balance, beginning of year	\$ 411,294	\$ 831,755	\$ 873,341	\$ 2,925	\$ 2,119,315	\$ 1,908,091
(Deficiency) excess of revenue over expenses	(94,392)	-	-	-	(94,392)	211,224
Increase in endowment fund	(285)	-	-	285	-	-
Transfers from internally restricted net assets	503,391	(503,391)	-	-	-	-
Transfers to internally restricted net assets	(32,335)	32,335	-	-	-	-
Purchase of capital assets	(256,280)	(33,130)	289,410	-	-	-
Amortization	146,675	-	(146,675)	-	-	-
Repayment of long-term debt	(79,883)	-	79,883	-	-	-
Capital allocations received	256,280	-	(256,280)	-	-	-
Amortization of capital allocations	(104,941)	-	104,941	-	-	-
Balance, end of year	\$ 749,524	\$ 327,569	\$ 944,620	\$ 3,210	\$ 2,024,923	\$ 2,119,315

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE**STATEMENT OF CASH FLOWS**

For the year ended December 31, 2023

	2023	2022
Cash flows from operating activities		
(Deficiency) excess of revenue over expenses	\$ (94,392)	\$ 211,224
Adjustments for items which do not affect cash		
Amortization	146,675	126,793
Amortization of capital allocations	(104,941)	(83,754)
	(52,658)	254,263
Change in non-cash working capital items		
Accounts receivable	59,126	(41,203)
Inventory	(47,658)	(129,174)
Prepaid expenses	(5,290)	(5,610)
GST	(707)	(5,959)
Accounts payable and accrued liabilities	32,938	11,177
Deferred revenue	54,250	(27,056)
	40,001	56,438
Cash flows from investing activity		
Purchase of capital assets	(289,410)	(202,767)
Cash flows from financing activities		
Repayment of long-term debt	(79,883)	(73,625)
Capital contributions	256,280	172,807
	176,397	99,182
Net decrease in cash	(73,012)	(47,147)
Cash, beginning of year	941,863	989,010
Cash, end of year	\$ 868,851	\$ 941,863
Cash consists of:		
Cash	\$ 408,350	\$ 31,712
Restricted cash	460,501	910,151
	\$ 868,851	\$ 941,863

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

1. **Nature of operations**

Interfaith Food Bank Society of Lethbridge is incorporated under the Societies Act of Alberta and is a registered charity under the Income Tax Act. As such, the Society is exempt from income tax and may give tax deductible receipts to donors. Interfaith Food Bank Society of Lethbridge recognizes the human dignity of those in need and provides food and access to services and resources generated from within our community.

2. **Significant accounting policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

(b) Cash and cash equivalents

The Society includes cash on hand and cash held by financial institutions in operating accounts in the determination of cash and cash equivalents.

(c) Inventory

Inventory is valued at the industry standard of \$3.52/lb (2022 - \$3.21/lb).

(d) Capital assets

Capital assets are recorded at cost. The Society provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Building	6%
Equipment	20%
Vehicles	30%

One-half the normal rate of amortization is recorded in the year of acquisition.

(e) Net assets invested in capital assets

The Society has chosen to treat net assets invested in capital assets as a separate component of net assets.

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

2. **Significant accounting policies, continued**

(f) Contributed goods and services

Contributions of goods are recognized when fair value can be reasonably estimated, the goods are used in the normal course of operations and would otherwise have been purchased.

A substantial number of unpaid volunteers make significant contributions of their time to the Society's programs. The value of this contributed time is not reflected in these financial statements since objective measurement or valuation is undeterminable.

(g) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

A significant area requiring the use of managements estimates was the inventory valuation. The value of the inventory was determined using the industry standard for the year.

(h) Financial instruments

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

3. **Restricted cash**

Restricted cash consists of cash balances held in respect of deferred revenue, internally restricted net assets and endowments.

4. **Inventory**

	2023	2022
Food inventory (2023 - 102,826 lbs.; 2022 - 97,910 lbs.)	\$ 361,948	\$ 314,290

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

5. **Capital assets**

			2023	2022
	Cost	Accumulated amortization	Net	Net
Land	\$ 459,077	\$ -	\$ 459,077	\$ 459,077
Building	2,636,407	978,773	1,657,634	1,685,994
Equipment	233,484	74,866	158,618	28,357
Vehicles	173,079	88,946	84,133	43,301
	<u>\$ 3,502,047</u>	<u>\$ 1,142,585</u>	<u>\$ 2,359,462</u>	<u>\$ 2,216,729</u>

6. **Deferred revenue**

Deferred revenue represents unspent resources received in the current period that are related to the subsequent period.

	Balance, beginning of year	Received	Recognized	Balance, end of year
Family & Community Support Services Association of Alberta - Emergency Support Funding	\$ 60,000	\$ 60,000	\$ (60,000)	\$ 60,000
Community Facility Enhancement Program	-	94,760	(59,631)	35,129
Red Cross - Essentials for Essential Workers	-	47,815	(28,334)	19,481
Food Banks Canada - Standards of Excellence	-	13,612	-	13,612
Community Foundation of Lethbridge and Southwestern Alberta	-	9,180	(7,680)	1,500
Food Banks Canada - Capacity Boost Grant	12,000	-	(12,000)	-
Food Bank Alberta - Client Advocacy Program	3,472	-	(3,472)	-
	<u>\$ 75,472</u>	<u>\$ 225,367</u>	<u>\$ (171,117)</u>	<u>\$ 129,722</u>

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

7. Long-term debt

	2023	2022
ATB Financial		
This loan is repayable at \$3,400 per month including interest at the prime rate plus 0.5% and is due September 30, 2025.	\$ 63,319	\$ 98,083
This loan is repayable at \$4,000 per month including interest at the prime rate plus 0.5% and is due September 30, 2025.	14,888	60,007
	78,207	158,090
Less current portion	52,469	80,340
	\$ 25,738	\$ 77,750

Interfaith Food Bank Society of Lethbridge also has a revolving loan with a balance limit of \$80,000. Any drawings on this amount are repayable at prime plus 0.5%. No amount was drawn on this facility at December 31, 2023.

Security pledged on the above loans consists of specified land and building with a carrying value of \$2,116,711.

Estimated principal repayments are as follows:

2024	\$ 52,469	
2025	25,738	
	\$ 78,207	

8. Unamortized capital allocations

Unamortized capital allocations represent the externally funded portion of capital assets that will be recognized as revenue in future periods. The changes in unamortized capital allocation balance for the period are as follows:

	2023	2022
Balance, beginning of year	\$ 1,185,296	\$ 1,096,243
Contributions received	256,280	172,807
Amortization of capital allocations	(104,941)	(83,754)
	\$ 1,336,635	\$ 1,185,296

Current year contributions received consisted of \$140,000 from the Cold Storage Upgrade contribution, \$52,967 from the Community Facility Enhancement Program grant, \$50,000 from an anonymous donor, \$7,680 from the Food Banks Canada Capacity Boost grant, and \$5,633 from the Walmart Fight Hunger Spark Change grant.

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

9. Internally restricted net assets

Internally restricted net assets consist of funds set aside by the Board of Directors of the Society for specific purposes, as follows:

	2023	2022
Contingency fund	\$ 160,068	\$ 569,862
Operating contingency	150,000	150,000
Future salary contingency	11,001	75,472
Site committee Items	6,500	6,500
Planned deficit 2023	-	29,921
	\$ 327,569	\$ 831,755

The Society maintains a Contingency Fund to ensure funds are available for unexpected costs associated with maintenance and upkeep of the facility, major equipment necessary for food bank operations, planned repairs and purchases of fixed assets, and expected increases in food and operational costs. It also maintains an Operating Contingency to ensure funds are available for continuance of service in the event of emergencies or unexpected circumstances.

10. Charitable fundraising act and regulation

In accordance with the disclosure requirements of the Charitable Fund-raising Act and Regulation, approximately \$68,533 was paid during the year as remuneration to employees whose principal duties involved fundraising.

11. Financial instruments

Interest rate risk

The Society is exposed to interest rate risk due to the variable rate interest on certain loans. Changes in the lending rates may cause fluctuations in cash flows and interest expense.

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
SCHEDULE TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2023

Schedule of donations and grants	Schedule 1		
	2023 Budget (unaudited)	2023 Actual	2022 Actual
Donations	\$ 445,000	\$ 669,258	\$ 495,614
Other grants	255,000	164,086	208,540
Food Banks Alberta - Southern Hub	18,000	24,583	18,000
Family Centre	20,511	21,500	20,511
City of Lethbridge donation	12,500	12,500	12,500
United Way	10,000	9,500	11,630
Canada Summer Jobs	8,400	9,428	8,400
	\$ 769,411	\$ 910,856	\$ 775,195