

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE

FINANCIAL STATEMENTS

For the year ended December 31, 2024

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
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December 31, 2024

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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, 2024, 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, 2024 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.

Avail LLP

Lethbridge, Alberta

April 17, 2025

Chartered Professional Accountants

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
STATEMENT OF FINANCIAL POSITION
As at December 31, 2024

	2024	2023
ASSETS		
Current		
Cash	\$ 222,330	\$ 408,350
Restricted cash (note 3)	364,728	460,501
Accounts receivable	83,836	21,117
Inventory (note 4)	482,647	361,948
Prepaid expenses	-	17,141
GST receivable	20,654	20,294
	1,174,195	1,289,351
Capital assets (note 5)	2,267,943	2,359,462
	\$ 3,442,138	\$ 3,648,813
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 95,699	\$ 79,326
Deferred revenue (note 6)	77,828	129,722
Current portion of long-term debt	22,743	52,469
	196,270	261,517
Long-term debt (note 7)	-	25,738
Unamortized capital allocations (note 8)	1,272,796	1,336,635
	1,469,066	1,623,890
Net assets		
Unrestricted	704,196	749,524
Internally restricted (note 9)	296,473	327,569
Invested in capital assets	972,403	944,620
Endowment	-	3,210
	1,973,072	2,024,923
	\$ 3,442,138	\$ 3,648,813

Approved on behalf of the Board:

Director Angela Wilde

Director 

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE

STATEMENT OF OPERATIONS

For the year ended December 31, 2024

	2024 Budget (unaudited)	2024 Actual	2023 Actual
Revenue			
Donations - in-kind	\$ -	\$ 3,708,085	\$ 3,108,378
Donations and grants (schedule 1)	1,029,411	962,160	910,856
Christmas fundraiser	425,000	491,463	468,156
Charity dinner and silent auction	55,000	64,215	51,760
Supportive housing	130,000	47,270	91,354
Bakeless bake sale	30,000	39,569	30,751
Second Door Thrift Store	30,000	25,569	25,965
Miscellaneous	1,500	4,250	3,649
Interest	7,500	3,786	8,032
	1,708,411	5,346,367	4,698,901
Expenses			
Programs			
Food and supplies - non-cash	-	3,587,386	3,060,720
Food and supplies	636,000	614,678	591,174
Wages and benefits	559,410	584,106	537,682
Utilities	95,000	78,487	92,829
Repairs and maintenance	36,150	65,927	75,929
Computer	25,000	29,034	23,079
Pickup and travel	25,000	17,803	34,708
Program related printing	15,000	22,514	12,037
Freight	7,500	9,345	10,417
Garden	-	8,724	3,196
Advertising and promotion	6,000	6,515	3,852
	1,405,060	5,024,519	4,445,623
Fundraising			
Wages and benefits	61,675	55,033	68,533
Fundraising	45,000	30,990	45,056
	106,675	86,023	113,589
Administration			
Wages and benefits	123,915	127,525	120,956
Office and telephone	67,000	59,216	55,937
Insurance	20,896	25,566	16,125
Professional fees	9,000	14,940	8,500
Security	6,000	5,704	5,355
Interest on long-term debt	5,408	3,859	8,917
Interest and bank charges	3,000	3,430	2,789
Licenses and memberships	2,500	1,745	2,102
	237,719	241,985	220,681
	1,749,454	5,352,527	4,779,893
Deficiency of revenue over expenses from operations	(41,043)	(6,160)	(80,992)

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
STATEMENT OF OPERATIONS, continued
For the year ended December 31, 2024

	2024 Budget (unaudited)	2024 Actual	2023 Actual
Amortization revenue (expense)			
Amortization of deferred capital allocations	-	115,947	104,941
Amortization of capital assets	-	(158,428)	(146,675)
	-	(42,481)	(41,734)
Deficiency of revenue over expenses before other	(41,043)	(48,641)	(122,726)
Other revenue			
COVID-19 grants and subsidies	-	-	28,334
Deficiency of revenue over expenses	\$ (41,043)	\$ (48,641)	\$ (94,392)

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2024

	Unrestricted	Internally restricted net assets	Net assets invested in capital assets	Endowment	Total 2024	Total 2023
Balance, beginning of year	\$ 749,524	\$ 327,569	\$ 944,620	\$ 3,210	\$ 2,024,923	\$ 2,119,315
Deficiency of revenue over expenses	(48,641)	-	-	-	(48,641)	(94,392)
Decrease in endowment fund	-	-	-	(3,210)	(3,210)	-
Transfers from internally restricted net assets	17,501	(17,501)	-	-	-	-
Transfers to internally restricted net assets	(1,206)	1,206	-	-	-	-
Purchase of capital assets	(52,107)	(14,801)	66,908	-	-	-
Amortization of capital assets	158,428	-	(158,428)	-	-	-
Repayment of long-term debt	(55,464)	-	55,464	-	-	-
Capital allocations received	52,108	-	(52,108)	-	-	-
Amortization of capital allocations	(115,947)	-	115,947	-	-	-
Balance, end of year	\$ 704,196	\$ 296,473	\$ 972,403	\$ -	\$ 1,973,072	\$ 2,024,923

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE**STATEMENT OF CASH FLOWS****For the year ended December 31, 2024**

	2024	2023
Cash flows from operating activities		
Deficiency of revenue over expenses	\$ (48,641)	\$ (94,392)
Adjustments for items which do not affect cash		
Amortization of capital assets	158,428	146,675
Amortization of capital allocations	(115,947)	(104,941)
	(6,160)	(52,658)
Change in non-cash working capital items		
Accounts receivable	(62,719)	59,126
Inventory	(120,699)	(47,658)
Prepaid expenses	17,141	(5,290)
GST	(360)	(707)
Accounts payable and accrued liabilities	13,162	32,938
Deferred revenue	(51,894)	54,250
	(211,529)	40,001
Cash flows from investing activity		
Purchase of capital assets	(66,908)	(289,410)
Cash flows from financing activities		
Repayment of long-term debt	(55,464)	(79,883)
Capital contributions	52,108	256,280
	(3,356)	176,397
Net decrease in cash	(281,793)	(73,012)
Cash, beginning of year	868,851	941,863
Cash, end of year	<u>\$ 587,058</u>	<u>\$ 868,851</u>
Cash consists of:		
Cash	\$ 222,330	\$ 408,350
Restricted cash	364,728	460,501
	<u>\$ 587,058</u>	<u>\$ 868,851</u>

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024

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 \$3.58/lb (2023 - \$3.52/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, 2024

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 and internally restricted net assets.

4. Inventory

	2024	2023
Food inventory (2024 - 137,818 lbs.; 2023 - 102,826 lbs.)	\$ 482,647	\$ 361,948

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024

5. Capital assets

			2024	2023
	Cost	Accumulated amortization	Net	Net
Land	\$ 459,077	\$ -	\$ 459,077	\$ 459,077
Building	2,703,316	1,080,238	1,623,078	1,657,634
Equipment	233,484	106,589	126,895	158,618
Vehicles	173,079	114,186	58,893	84,133
	<u>\$ 3,568,956</u>	<u>\$ 1,301,013</u>	<u>\$ 2,267,943</u>	<u>\$ 2,359,462</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
Community Facility Enhancement Program	\$ 35,129	\$ 53,637	\$ (35,129)	\$ 53,637
35th Anniversary Endowment Fund	-	14,371	-	14,371
Age Better Innovative Programming	-	9,820	-	9,820
Family & Community Support Services Association of Alberta - Emergency Support Funding	60,000	-	(60,000)	-
Red Cross - Essentials for Essential Workers	19,481	20,222	(39,703)	-
Food Banks Canada - Standards of Excellence	13,612	25,025	(38,637)	-
Community Foundation of Lethbridge and Southwestern Alberta	1,500	10,000	(11,500)	-
New Growth Fund CFCC	-	20,000	(20,000)	-
Food Banks Canada - Capacity Boost Grant	-	21,532	(21,532)	-
Food Banks Canada - Accessibility Grant	-	36,515	(36,515)	-
United Way	-	10,000	(10,000)	-
Arconic Foundation	-	40,925	(40,925)	-
Other grants	-	21,088	(21,088)	-
	<u>\$ 129,722</u>	<u>\$ 283,135</u>	<u>\$ (335,029)</u>	<u>\$ 77,828</u>

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024

7. Long-term debt

	2024	2023
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.	\$ 22,743	\$ 63,319
Paid off	-	14,888
	22,743	78,207
Less current portion	22,743	52,469
	\$ -	\$ 25,738

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, 2024.

Security pledged on the above loans consists of specified land and building with a carrying value of \$2,082,154

Estimated principal repayments are as follows:

2025	\$ 22,743
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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:

	2024	2023
Balance, beginning of year	\$ 1,336,635	\$ 1,185,296
Contributions received	52,108	256,280
Amortization of capital allocations	(115,947)	(104,941)
	\$ 1,272,796	\$ 1,336,635

Current year contributions received consisted of \$35,129 from the Community Facility Enhancement Program grant, and \$16,979 from the Arconic Foundation grant.

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024

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:

	2024	2023
Contingency fund	\$ 146,473	\$ 160,068
Operating contingency	150,000	150,000
Future salary contingency	-	11,001
Site committee Items	-	6,500
	<u>\$ 296,473</u>	<u>\$ 327,569</u>

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. Funds held by others

The Lethbridge Community Foundation hold funds on behalf of Interfaith Food Bank Society. The Society will receive investment income earned on the contributions. As at December 31, 2024, the fund balance was \$3,679 (2023 - \$3,210).

The Society has committed to contribute donations collected for a 35th anniversary endowment totalling \$14,371 to the fund.

11. Charitable fundraising act and regulation

In accordance with the disclosure requirements of the Charitable Fund-raising Act and Regulation, approximately \$55,034 was paid during the year as remuneration to employees whose principal duties involved fundraising.

12. 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.

13. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE
SCHEDULE TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024

Schedule of donations and grants

Schedule 1

	2024 Budget (unaudited)	2024 Actual	2023 Actual
Donations	\$ 620,000	\$ 555,327	\$ 669,259
Other grants	300,000	272,922	164,086
City of Lethbridge donation	50,000	50,000	12,500
Food Banks Alberta - Southern Hub	20,000	43,969	24,583
Family Centre	20,511	20,511	21,500
United Way	9,500	10,000	9,500
Canada Summer Jobs	9,400	9,431	9,428
	\$ 1,029,411	\$ 962,160	\$ 910,856