

**INTERFAITH FOOD BANK SOCIETY OF LETHBRIDGE**

**FINANCIAL STATEMENTS**

**For the year ended December 31, 2023**



## 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:

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

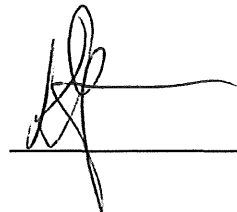
	2023	2022
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 408,350	\$ 31,712
Restricted cash (note 3)	460,501	910,151
Accounts receivable	21,117	80,243
Inventory (note 4)	361,948	314,290
Prepaid expenses	17,141	11,851
GST receivable	20,294	19,587
	1,289,351	1,367,834
<b>Capital assets (note 5)</b>	2,359,462	2,216,729
	\$ 3,648,813	\$ 3,584,563
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
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
<b>Long-term debt (note 7)</b>	25,738	77,750
<b>Unamortized capital allocations (note 8)</b>	1,336,635	1,185,296
	1,623,890	1,465,248
<b>Net assets</b>		
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

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Director

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**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	-	-	-
<b>Balance, end of year</b>	<b>\$ 749,524</b>	<b>\$ 327,569</b>	<b>\$ 944,620</b>	<b>\$ 3,210</b>	<b>\$ 2,024,923</b>	<b>\$ 2,119,315</b>

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

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**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

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>

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

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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.