

Calgary Inter-Faith Food Bank Society

Financial statements
August 31, 2024



Independent auditor's report

To the Members of
Calgary Inter-Faith Food Bank Society

We have audited the financial statements of **Calgary Inter-Faith Food Bank Society** [the "Society"] which comprise the statement of financial position as at August 31, 2024, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at August 31, 2024, and its results of 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

The Society derives revenue and incurs expenses related to food donations in-kind, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues and expenses were limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments for unrecorded revenue or expense related to food donations in-kind might be 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 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:

- 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.

Calgary, Canada
November 6, 2024

Ernst + Young LLP

Chartered Professional Accountants



Calgary Inter-Faith Food Bank Society

Statement of financial position

As at August 31

	2024	2023
	\$	\$
Assets		
Current		
Cash and cash equivalents	14,293,467	13,566,301
Accounts receivable <i>[note 12]</i>	149,680	117,957
Prepaid expenses and other assets	248,888	238,232
Total current assets	14,692,035	13,922,490
Investments <i>[note 3]</i>	19,002,368	14,500,631
Property, plant and equipment, net <i>[notes 4 and 8]</i>	12,080,967	12,743,567
	45,775,370	41,166,688
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities <i>[note 9]</i>	1,324,806	1,649,162
Deferred operating contributions <i>[note 5]</i>	8,435	83,780
Total current liabilities	1,333,241	1,732,942
Deferred capital contributions <i>[note 6]</i>	537,873	594,135
Total liabilities	1,871,114	2,327,077
Commitments <i>[note 7]</i>		
Net assets		
Unrestricted	13,257,777	12,058,008
Internally restricted <i>[note 8]</i>	30,646,479	26,781,603
Total net assets	43,904,256	38,839,611
	45,775,370	41,166,688

See accompanying notes

Calgary Inter-Faith Food Bank Society

Statement of operations

Year ended August 31

	2024	2023
	\$	\$
Revenues		
Contributions <i>[notes 5 and 13]</i>	22,154,752	20,320,977
Food donations-in-kind <i>[note 10]</i>	41,800,624	41,953,160
Non-food donations-in-kind	388,091	165,231
Casino funds received	85,277	302,258
Interest and investment (loss) income <i>[note 8]</i>	2,735,542	1,387,550
Other	106,119	37,446
	67,270,405	64,166,622
Expenses		
Food donations-in-kind <i>[note 10]</i>	41,800,624	41,953,160
Non-food donations-in-kind	388,091	165,231
Food purchases	6,272,510	4,484,426
Administration costs	3,423,178	2,613,642
Program and operating costs	9,325,550	9,908,834
Resource development and communications	182,381	168,916
	61,392,334	59,294,209
Excess of revenue over expenses before the following	5,878,071	4,872,413
Amortization of deferred capital contributions <i>[note 6]</i>	127,128	150,288
Amortization of property, plant and equipment	(940,554)	(1,002,083)
Impairment of property, plant and equipment <i>[note 4]</i>	—	(2,267,832)
	(813,426)	(3,119,627)
Excess of revenues over expenses for the year	5,064,645	1,752,786

See accompanying notes

Calgary Inter-Faith Food Bank Society

Statement of changes in net assets

Year ended August 31

	Unrestricted	Internally restricted	2024
	\$	\$	\$
Net assets, beginning of year	12,058,008	26,781,603	38,839,611
Excess of revenues over expenses for the year	5,064,645	—	5,064,645
Transfers to Strategy Fund <i>[note 8]</i>	(2,238,855)	2,238,855	—
Transfer to Capital Replacement Reserve <i>[note 8]</i>	(2,262,882)	2,262,882	—
Transfers (to) from investment in property, plant and equipment <i>[note 8]</i>	636,861	(636,861)	—
Net assets, end of year	13,257,777	30,646,479	43,904,256

	Unrestricted	Internally restricted	2023
	\$	\$	\$
Net assets, beginning of year	11,935,480	25,151,345	37,086,825
Excess of revenues over expenses for the year	1,752,786	—	1,752,786
Transfers to Strategy Fund <i>[note 8]</i>	(1,081,890)	1,081,890	—
Transfer to Capital Replacement Reserve <i>[note 8]</i>	(1,250,568)	1,250,568	—
Transfers (to) from investment in property, plant and equipment <i>[note 8]</i>	702,200	(702,200)	—
Net assets, end of year	12,058,008	26,781,603	38,839,611

See accompanying notes

Calgary Inter-Faith Food Bank Society

Statement of cash flows

Year ended August 31

	2024	2023
	\$	\$
Operating activities		
Excess of revenues over expenses for the year	5,064,645	1,752,786
Add (deduct) items not involving cash		
Amortization of deferred capital contributions	(127,128)	(150,288)
Amortization of property, plant and equipment	940,554	1,002,083
Impairment of property, plant and equipment	—	2,267,832
Unrealized (gain) loss on investments	(1,384,912)	(276,349)
Reinvested realized investment income	(526,402)	(408,561)
	<u>3,966,757</u>	<u>4,187,503</u>
Net change in non-cash working capital balances related to operations <i>[note 11]</i>	(442,080)	164,803
Cash provided by operating activities	<u>3,524,677</u>	<u>4,352,307</u>
Investing activities		
Purchase of investments	(2,590,423)	(1,647,549)
Property, plant and equipment purchased	(277,954)	(2,498,731)
Net change in non-cash working capital balances related to investing	—	219,979
Cash used in investing activities	<u>(2,868,377)</u>	<u>(3,926,301)</u>
Financing activities		
Contributions restricted for purchase of property, plant and equipment	70,866	40,551
Cash provided by financing activities	<u>70,866</u>	<u>40,551</u>
Net increase in cash during the year	727,166	466,557
Cash and cash equivalents, beginning of year	<u>13,566,301</u>	<u>13,099,744</u>
Cash and cash equivalents, end of year	<u>14,293,467</u>	<u>13,566,301</u>

See accompanying notes

Calgary Inter-Faith Food Bank Society

Notes to financial statements

August 31, 2024

1. Operations

The Calgary Inter-Faith Food Bank Society [the "Society"] is registered under the Societies Act of the Province of Alberta and is a registered charity under the *Income Tax Act* (Canada) and, as such, is exempt from income taxes and may issue tax deductible receipts to donors. The Society's function is the gathering and distribution of quality emergency food to those in need.

2. Summary of significant accounting policies

[a] Basis of presentation

The financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles ["GAAP"] for not-for-profit organizations in Canada. These financial statements have been prepared in accordance with GAAP and reflect the following significant accounting policies.

[b] Revenue recognition

The Society follows the deferral method of accounting for revenue recognition. Unrestricted contributions are recorded as revenue when they are received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are initially deferred and then recognized as revenue in the year the related expenses are incurred. Donated property, plant and equipment and contributions received for the purchase of property, plant and equipment are initially deferred and recognized as revenue on the same basis as the related amortization expense.

Food and Non-food donations received in kind are not recorded as revenue until they are distributed as there is no ability to estimate the value of perishable products until the date of distribution. Revenue is measured at estimated fair value at the date the donation is made. Food and non-food donations in-kind without a fair value assigned by the donor are recorded at a cost per pound for common classes of donated food. Miscellaneous food donations in-kind are assigned a fair value of \$3.52 from September 1 to August 31, 2024. Costs per pound are based on national food studies conducted by Food Banks Canada.

Interest and investment income, which consists of interest, dividends, income distributions from pooled funds and realized and unrealized gains and losses, are recognized in the statement of operations when receivable.

[c] Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a maturity of approximately three months or less from the date of purchase.

Calgary Inter-Faith Food Bank Society

Notes to financial statements

August 31, 2024

[d] Property, plant and equipment

Purchased property, plant and equipment are recorded at cost less accumulated amortization. Contributed property, plant and equipment are recorded at fair value at the date of the contribution. Amortization is calculated using the straight-line method over the assets' estimated useful lives, as follows:

Tangible

Building	5–25 years
Automotive	6 years
Computer equipment	3 years
Equipment	5–10 years
Furniture and fixtures	10 years

Intangible

Computer software and communication portal	3 years
Network upgrade and security	5 years

[e] Financial instruments

Investments in pooled funds, equities and fixed income securities traded in an active market are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Other financial instruments, including cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at amortized cost.

[f] Contributed services

The work of the Society is dependent on the voluntary services of many members and others. Since these services are not normally purchased by the Society and because of the difficulty of determining their fair value, these voluntary services are not recognized in these financial statements.

[g] Allocation of expenses

The costs of each function include the costs of personnel and other expenses that are directly related to the function. General support and other costs are not allocated.

[h] Impairment – long lived assets subject to amortization

Property, plant and equipment subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to income during the year. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Calgary Inter-Faith Food Bank Society

Notes to financial statements

August 31, 2024

3. Investments

Investments, all of which are recorded at fair value, have an asset mix as follows:

	2024 \$	2023 \$
Cash and cash equivalents	506,608	541,035
Fixed income	9,528,632	8,585,448
Canadian and foreign equity	5,880,120	3,707,352
US denominated equity and fixed income	3,087,008	1,666,796
Total investments	19,002,368	14,500,631

Investments are internally restricted assets of the Strategy Fund and Capital Replacement Reserve. Investments in pooled funds are classified based on the underlying investments held in the pooled funds. The fixed income investments had effective interest rates ranging from 0.25% to 5.95% [2023 – 0.25% to 5.25%] with maturity dates from August 31, 2024 ranging from 31 days to 75 months [2023 – 1 day to 63 months].

4. Property, plant and equipment

	2024		2023	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Tangible				
Land	3,414,000	—	3,414,000	3,414,000
Building	9,558,229	(2,565,809)	6,992,420	7,380,897
Automotive	1,849,960	(1,674,676)	175,284	243,423
Computer equipment	336,869	(295,738)	41,131	99,741
Equipment	1,651,303	(1,093,275)	558,028	556,096
Furniture and fixtures	2,145,558	(1,287,644)	857,914	973,031
	18,955,919	(6,917,142)	12,038,777	12,667,188
Intangible				
Computer software and communication portal	516,910	(503,982)	12,928	28,996
Network upgrade and security	451,263	(422,001)	29,262	47,383
	968,173	(925,983)	42,190	76,379
	19,924,092	(7,843,125)	12,080,967	12,743,567

Calgary Inter-Faith Food Bank Society

Notes to financial statements

August 31, 2024

During the year ended August 31, 2023, computer software with a carrying value of \$2,267,832 was determined to have no future value to the Society and an impairment loss was recorded.

5. Deferred operating contributions

Deferred operating contributions represent unspent externally restricted donations. Changes in the deferred operating contributions balance are as follows:

	2024 \$	2023 \$
Balance, beginning of year	83,780	158,316
Other externally restricted donations received	72,400	67,046
Amount recognized as revenue during the year	(147,745)	(141,582)
Balance, end of year	8,435	83,780

6. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of property, plant and equipment. The amortization of deferred capital contributions begins when the associated property, plant and equipment are put into use, and amortization is recorded in the statement of operations. Changes in the deferred capital contributions balance are as follows:

	2024 \$	2023 \$
Balance, beginning of year	594,135	703,872
Contributions externally restricted for purchase of property, plant and equipment	70,866	40,551
Amortization of deferred capital contributions	(127,128)	(150,288)
Balance, end of year	537,873	594,135

The total unspent externally restricted capital contributions is \$101,017 as at August 31, 2024 [2023 – \$131,540].

Calgary Inter-Faith Food Bank Society

Notes to financial statements

August 31, 2024

7. Commitments

The Society has an operating lease for a warehouse which expires January 31, 2027. The annual minimum payments under the lease are as follows:

	\$
2025	315,946
2026	315,946
2027	131,644
	<u>763,536</u>

8. Internally restricted net assets

Internally restricted net assets consist of the following:

	2024	2023
	\$	\$
Strategy fund	10,522,581	8,283,726
Capital replacement reserve	8,479,787	6,216,905
Investment in property, plant and equipment	11,644,111	12,280,972
Total internally restricted	<u>30,646,479</u>	<u>26,781,603</u>

[a] Strategy Fund

The Board of Directors [the "Board"] has established a strategy fund, the principal amount of which is reserved for the future benefit of the Society and may be drawn down only with the approval of the Board. \$2,238,855 has been approved to be transferred during the year [2023 – \$1,081,890].

[b] Capital Replacement Reserve

The Capital replacement reserve represents management's recognition that the future capital replacement cost of the Society's property, plant and equipment, will exceed their historic cost recorded and amortized in these financial statements. \$2,262,882 has been approved to be transferred during the year [2023 – \$1,250,568].

[c] Investment in property, plant and equipment

Investment in property, plant and equipment represents the amount the Society has invested of its own funds in these assets. The amount is calculated as the net book value of property, plant and equipment less amounts financed through capital contributions.

Calgary Inter-Faith Food Bank Society

Notes to financial statements

August 31, 2024

9. Program and operating costs

	2024	2023
	\$	\$
Salaries and benefits	7,205,556	7,618,622
Occupancy	647,767	686,357
Vehicle and transportation	387,953	348,493
Other	1,084,274	1,255,362
	<u>9,325,550</u>	<u>9,908,834</u>

Included within salaries and benefits is \$103,870 of government remittances that is included in accounts payable and accrued liabilities as at August 31, 2024 [2023 – \$116,288].

10. Food donations-in-kind

In 2024, management estimates that approximately 12.7 million pounds [2023 – 12.8 million pounds] of food was received and distributed net of recycled food waste.

11. Net change in non-cash working capital balances

	2024	2023
	\$	\$
Decrease (increase) in accounts receivable	(31,723)	39,764
Decrease (increase) in prepaid expenses and other assets	(10,656)	(54,820)
Increase (decrease) in accounts payable and accrued liabilities	(324,356)	474,374
Increase (decrease) in deferred operating contributions	(75,345)	(74,536)
	<u>(442,080)</u>	<u>384,782</u>

12. Financial instruments

The Society is exposed to various financial risks through transactions in financial instruments.

Credit risk

The Society evaluates the credit risk with respect to receivables as low as \$141,526 [2023 – \$116,689] is owing from the federal or provincial government. No allowance for doubtful accounts has been recorded.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its investments in fixed-income securities.

Calgary Inter-Faith Food Bank Society

Notes to financial statements

August 31, 2024

Other price risk

The Society is exposed to other price risk through changes in market prices, other than changes arising from interest rate or currency risk in connection with investments in equity securities and pooled funds.

Currency risk

The Society is exposed to currency risk with respect to fluctuations in foreign exchange rates on its US denominated investments held.

13. Related party transactions

All related party transactions are recorded at the agreed upon exchange amount.

During the year the Society paid, in the ordinary course of business, \$216,962 [2023 – \$147,625] to an Information Technology firm of which a member of the Society's Board of Directors is the president, nil [2023 – \$39,617] to an HR Consulting firm of which a member of the Society's Board of Directors is the owner, \$65,897 [2023 – \$117,318] to a legal firm of which a member of the Society's Board of Directors is a partner and \$1,457,121 [2023 – \$1,517,059] to a Food Supply company for which a member of the Society's Board of Directors is a Vice President.

During the year, the Society received donations and sponsorships in the ordinary course of business, in the amount of \$398,132 [2023 – \$89,174] from the Society's Board of Directors, spouses, their related companies and management employees.

14. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.