

JUST FRIENDS FOOD BANK INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023

(UNAUDITED)

JUST FRIENDS FOOD BANK INC.

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(UNAUDITED)

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Shannon & Buffett, LLP

Chartered Professional Accountants

GARRY L. ARMSTRONG, CPA, CA RON W. SAUNTRY, CPA, CA

INDEPENDENT PRACTITIONERS REVIEW ENGAGEMENT REPORT

To the Board of Directors of Just Friends Food Bank Inc.:

We have reviewed the accompanying financial statements of Just Friends Food Bank Inc. (the "Food Bank") which comprise the statement of financial position as at December 31, 2023 and the statements of changes in net assets, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many charitable organizations, Just Friends Food Bank Inc. derives part of its earnings from contributions, bequests, and fundraising the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Food Bank and we were not able to determine whether any adjustments might be necessary to contributions, revenue and bequests, excess of revenue over expenditures, assets, liabilities and fund balances.

Conclusion

Based on our review except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Just Friends Food Bank Inc. 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.

Shannon & Buffett LLP
Chartered Professional Accountants
Fredericton, New Brunswick
July 16, 2024

JUST FRIENDS FOOD BANK INC.
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

(UNAUDITED)

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current:		
Cash	\$ 203,234	\$ 188,431
Accounts receivable (note 3)	35,663	24,805
Prepaid expenses	<u>10,900</u>	<u>10,900</u>
	249,797	224,136
Capital assets (note 4)	<u>354,945</u>	<u>375,729</u>
	<u>\$ 604,742</u>	<u>\$ 599,865</u>
<u>LIABILITIES</u>		
Current:		
Accounts payable and accrued liabilities (note 6)	\$ <u>7,474</u>	\$ <u>5,000</u>
Deferred contributions related to capital assets (note 7)	<u>328,356</u>	<u>345,261</u>
	<u>335,830</u>	<u>350,261</u>
<u>NET ASSETS</u>		
Net assets invested in capital assets (note 8)	26,589	30,468
Unrestricted net assets	<u>242,323</u>	<u>219,136</u>
	<u>268,912</u>	<u>249,604</u>
	<u>\$ 604,742</u>	<u>\$ 599,865</u>

See accompanying notes to financial statements.

Approved by the Board:

Director _____

Director _____

JUST FRIENDS FOOD BANK INC.

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2023

(UNAUDITED)

	<u>2023</u>	<u>2022</u>
Revenue:		
Grants, other organizations	\$ 62,905	\$ 119,674
Donations	70,810	55,145
Donations-in-kind	1,121	3,066
Government of Canada	5,375	-
Province of New Brunswick	13,943	3,812
Municipalities	6,217	-
Miscellaneous (note 9)	19,030	11,644
Amortization of deferred contributions related to capital assets	<u>16,905</u>	<u>18,358</u>
	<u>196,306</u>	<u>211,699</u>
Expenses:		
Wages and employee benefits	77,967	58,451
Purchases, food and supplies	33,891	32,676
Amortization	22,289	24,904
Building maintenance	9,809	4,570
Insurance	3,357	3,192
Utilities	7,199	3,990
Professional services	5,750	5,398
Miscellaneous	2,625	11,567
Telephone	2,452	1,885
Office	545	1,077
Delivery	10,610	3,937
Bank charges	186	10
Advertising and promotion	248	-
Training	70	200
Travel	<u>-</u>	<u>189</u>
	<u>176,998</u>	<u>152,046</u>
Excess of revenue over expenses	<u>\$ 19,308</u>	<u>\$ 59,653</u>

See accompanying notes to financial statements.

JUST FRIENDS FOOD BANK INC.
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

	Net Assets Invested in <u>Capital Assets</u>	<u>Unrestricted</u>	<u>2023 Total</u>	<u>2022 Total</u>
Balance, beginning of the year	\$ 30,468	\$ 219,136	\$ 249,604	\$ 189,951
Excess of revenue over expenses	(5,384)	24,692	19,308	59,653
Net change in investment in capital assets (note 8)	<u>1,505</u>	<u>(1,505)</u>	<u>-</u>	<u>-</u>
Balance, end of the year	<u>\$ 26,589</u>	<u>\$ 242,323</u>	<u>\$ 268,912</u>	<u>\$ 249,604</u>

See accompanying notes to financial statements.

JUST FRIENDS FOOD BANK INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

(UNAUDITED)

	<u>2023</u>	<u>2022</u>
Cash generated from (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 19,308	\$ 59,653
Items not requiring a cash outlay:		
- Amortization	22,289	24,904
- Amortization of deferred contributions related to capital assets	<u>(16,905)</u>	<u>(18,358)</u>
	24,692	66,199
Net change in current assets and liabilities other than cash:		
- (Increase) decrease in accounts receivable	(10,858)	68,324
- (Increase) decrease in prepaid expenses	-	(5,100)
- Increase (decrease) in accounts payable and accrued liabilities	2,474	-
- Increase (decrease) in deferred revenue	<u>-</u>	<u>(3,900)</u>
	<u>16,308</u>	<u>125,523</u>
Investing activities:		
Additions to capital assets	<u>(1,505)</u>	<u>-</u>
Increase in cash, in the year	14,803	125,523
Cash, beginning of year	<u>188,431</u>	<u>62,908</u>
Cash, end of year	<u>\$ 203,234</u>	<u>\$ 188,431</u>

See accompanying notes to financial statements.

JUST FRIENDS FOOD BANK INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

(UNAUDITED)

1. Purpose of the organization:

Just Friends Food Bank Inc. addresses the needs of the residents of Stanley, New Brunswick that are unable to buy the necessary amount of food required for them or their families.

The Just Friends Food Bank Inc. ("the Food Bank") is a registered charity for the purposes of Canadian taxation and as such is not subject to income tax under the Canadian Income Tax Act.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Cash and cash equivalents -

Cash and cash equivalents consist of cash on hand and bank balances.

(b) Capital assets -

Capital assets are recorded at cost. Provision for amortization is made utilizing the following methods and annual rates:

Building	-	Declining balance	-	4%
Furniture and equipment	-	Declining balance	-	20%
Signs	-	Declining balance	-	30%
Paving	-	Declining balance	-	8%

Minor equipment expected to have a useful life of less than one year is expensed.

(c) Contributed services -

A substantial number of volunteers contribute a significant amount of their time each year to the Food Bank. Because of the difficulty of determining fair value, contributed services are not recognized in these financial statements.

JUST FRIENDS FOOD BANK INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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2. Significant accounting policies (continued):

(d) Revenue recognition -

The Food Bank follows the deferral method of accounting for contributions revenue which includes donations and government assistance for operating purposes. All other grants are recognized when the related expenses are incurred or in the period in which they pertain. Boutique sales, interest and miscellaneous revenue are recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to capital assets are deferred when received and amortized to revenue on a basis consistent with the amortization expense of the corresponding capital asset.

(e) Use of estimates -

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(f) Financial instruments -

(i) Measurement of financial instruments

The Food Bank initially measures its financial assets and financial liabilities at fair value adjusted by the amount of transaction costs.

The Food Bank subsequently measures all of its financial assets and financial liabilities at amortized cost.

(ii) Impairment

At the end of each reporting period, the Food Bank assesses whether there are any indications that the financial asset measured at amortized cost may be impaired.

When there is an indication of impairment, the Food Bank determines whether a significant adverse change has occurred during the period in the expected timing or amount of future in cash flows from the financial asset. Where there is a significant adverse change, the carrying amount of the asset is reduced and the impairment loss is recognized in the statement of operations.

JUST FRIENDS FOOD BANK INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

(UNAUDITED)

3. Accounts receivable:

	<u>2023</u>	<u>2022</u>
HST rebates	\$ 1,583	\$ 4,704
Other receivables	<u>34,080</u>	<u>20,101</u>
	<u>\$ 35,663</u>	<u>\$ 24,805</u>

4. Capital assets:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2023 Net Book Value</u>	<u>2022 Net Book Value</u>
Building	\$ 376,102	\$ 63,369	\$ 312,733	\$ 325,764
Furniture and equipment	74,130	40,098	34,032	40,846
Signs	3,272	2,604	668	954
Paving	<u>9,245</u>	<u>1,733</u>	<u>7,512</u>	<u>8,165</u>
	<u>\$ 462,749</u>	<u>\$ 107,804</u>	<u>\$ 354,945</u>	<u>\$ 375,729</u>

The building is located on land owned by a not-for-profit organization and the Food Bank has a long-term lease as per note 10.

5. Donations-in-kind:

The Food Bank received the following donations-in-kind; groceries and household items \$1,121 (\$1,983 - 2022), and in-kind mileage of \$0.00 (\$1,083 - 2022).

6. Accounts payable and accrued expenses:

	<u>2023</u>	<u>2022</u>
Trade payables and accruals	<u>\$ 7,474</u>	<u>\$ 5,000</u>

JUST FRIENDS FOOD BANK INC.
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7. Deferred contributions related to capital assets:

Contributions related to capital assets are deferred and amortized to income on the same basis as the related capital asset is amortized. The amounts are comprised of grants received from Regional Development Corporation for the building and other donations and grants received for capital purposes. Transactions for the year are as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 345,261	\$ 363,619
Less amounts amortized to revenue in year	<u>(16,905)</u>	<u>(18,358)</u>
Balance, end of year	<u>\$ 328,356</u>	<u>\$ 345,261</u>

8. Net assets invested in capital assets:

(a) Net assets invested in capital assets is calculated as follows:

	<u>2023</u>	<u>2022</u>
Net book value of capital assets (note 4)	\$ 354,945	\$ 375,729
Amounts financed by deferred contributions	<u>(328,356)</u>	<u>(345,261)</u>
	<u>\$ 26,589</u>	<u>\$ 30,468</u>

(b) Excess (deficiency) of revenue over expenses:

	<u>2023</u>	<u>2022</u>
Amortization of deferred contributions related to capital assets	\$ 16,905	\$ 18,358
Amortization of capital assets	<u>(22,289)</u>	<u>(24,904)</u>
	<u>\$ (5,384)</u>	<u>\$ (6,546)</u>

(c) Net change in investment in capital assets:

	<u>2023</u>	<u>2022</u>
Additions to capital assets	<u>\$ 1,505</u>	<u>\$ -</u>

JUST FRIENDS FOOD BANK INC.
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9. Miscellaneous revenue:

	<u>2023</u>	<u>2022</u>
Boutique sales	\$ 13,153	\$ 8,405
Fundraising	4,143	2,454
Program fees	1,640	785
Interest revenue	5	-
Building rental	<u>89</u>	<u>-</u>
	<u>\$ 19,030</u>	<u>\$ 11,644</u>

10. Commitments:

The Food Bank owns a building on Centennial Street in Stanley, New Brunswick but leases the underlying land with an operating lease expiring in 2048. Annual lease payments are a nominal amount of \$1. The fair market value of the lease is not readily determinable. In the event that the Food Bank ceases operations as a not-for-profit community food bank, then the lease would become null and void and regardless of the remaining length of the lease-term. The landlord will then assume full ownership of the building and is required to make reasonable effort to ensure that the building will be occupied by another food bank or not-for-profit organization.

11. Reaching Home grant expenditures:

Under the terms of the Reaching Home grant the Food Bank is required to report expenditures related to the grant. Expenditures are as follows:

	<u>2023</u>	<u>2022</u>
Wages and employee benefits	\$ -	\$ 58,451
Office	545	1,077
Insurance	3,357	3,192
Telephone	2,452	1,885
Utilities and overhead	5,759	9,098
Accounting and legal	4,600	5,021
Foodbank stocking	<u>33,891</u>	<u>32,676</u>
	<u>\$ 50,604</u>	<u>\$ 111,400</u>

JUST FRIENDS FOOD BANK INC.
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12. Financial instruments:

The Food Bank is exposed to the following various risks through its financial instruments:

Credit risk -

The Food Bank is exposed to credit risk in relation to its cash and accounts receivable. Management mitigates credit risk on cash by holding cash at Canadian chartered banks. Accounts receivable consist primarily of HST receivable and funding from a major not-for-profit organization. Credit risk is considered low.

Liquidity risk -

Liquidity risk is the risk that the Food Bank will not be able to meet a demand for cash or fund its obligations as they come due. The Food bank receives a significant amount of its funding from other not-for-profit organizations and from public donations. These sources of funding will vary from year to year and the variations may be significant. The Food Bank attempts to mitigate this risk through monitoring and maintaining reserves of liquid assets, and continuing to fundraise and seek out other sources of funding.

Market risk -

The Food Bank is not exposed to significant market risks.

Changes in risk -

There have been no significant changes in risk in relation to the Food Bank's financial instruments for the year ended December 31, 2023.