Veterans Association Food Bank

Financial Statements

May 31, 2025

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Crowe

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Independent Auditors' Report

To the members of Veterans Association Food Bank

Qualified Opinion

We have audited the financial statements of Veterans Association Food Bank, which comprise the statement of financial position as at May 31, 2025, 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 possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at May 31, 2025, 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 not-for-profit organizations, the Association derives a material amount of revenue from donations, fundraising activities and thrift store sales, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the year ended May 31, 2025, current assets as at May 31, 2025, and net assets as at June 1, 2024 and May 31, 2025. The auditor’s opinion on the financial statements for the year ended May 31, 2024 was modified accordingly because of the possible effects of this limitation in scope. Additionally, we did not attend the year end gift card inventory count as at May 31, 2025 and thus did not observe the counting of the gift cards on hand at year end. We were unable to satisfy ourselves by alternative means concerning gift card quantities held at May 31, 2025. Since ending gift card inventory enters into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the years reported in the statement of operations and the net cash flows from operating activities reported in the statement of cash flows.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Independent Auditors' Report (continued)

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditors' 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 auditors' 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Association 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.

Crowe MacKay LLP

Surrey, Canada
November 26, 2025

Chartered Professional Accountants

Veterans Association Food Bank

Statement of Operations

For the year ended May 31,	2025	2024
Revenues		
Donations	**$ 2,939,881**	$ 1,953,200
Government funding	**1,689,693**	277,462
Thrift store income	**572,387**	555,351
Donations-in-kind	**202,436**	254,092
Fundraising	**126,677**	223,049
Interest and other investment income	**60,606**	47,260
Other revenue	**6,492**	7,425
	5,598,172	3,317,839
Expenditures		
Administrative and general	**162,576**	157,125
Advertising and promotion	**100,712**	80,908
Amortization	**80,823**	53,587
Consulting fees	**2,409**	5,138
Donations-in-kind	**202,436**	254,092
Fundraising costs	**90,607**	102,886
Hamper program	**290,228**	665,768
Insurance	**52,877**	49,097
Peer support	**22,145**	15,459
Pet promise program	**58,889**	56,241
Professional fees	**63,225**	71,952
Rent and utilities	**544,886**	497,394
Repairs and maintenance	**85,064**	131,667
Salaries and wages	**1,033,157**	911,192
Sub-contracts	**31,600**	23,962
Vehicle	**39,973**	35,272
Veterans assistance program	**262,219**	537,424
Veterans homelessness program	**1,650,690**	-
Veterans meal programs	**6,781**	184,273
	4,781,297	3,833,437
Excess (deficiency) of revenues over expenditures	**$ 816,875**	$ (515,598)

Veterans Association Food Bank

Statement of Changes in Net Assets

For the year ended May 31, 2025

	General fund	Invested in capital assets	Reserve fund	Total 2025	Total 2024
Balance, beginning of year	$ 156,243	$ 276,457	$ 521,211	**$ 953,911**	$ 1,469,509
Excess (deficiency) of revenues over expenditures	860,518	(80,823)	37,180	**816,875**	(515,598)
Transfer of funds	(70,808)	124,098	(53,290)	**-**	-
Balance, end of year	**$ 945,953**	**$ 319,732**	**$ 505,101**	**$ 1,770,786**	$ 953,911

Veterans Association Food Bank

Statement of Financial Position

May 31,	2025	2024
Assets		
Current		
Cash (note 3)	**$ 1,151,629**	$ 257,798
Investments (note 4)	**524,655**	508,515
Accounts receivable	**54,670**	15,318
Gift card inventory	**161,900**	42,000
Prepaid expenses and deposits	**5,760**	38,724
GST receivable	**71,748**	42,435
	1,970,362	904,790
Capital assets (note 5)	**395,542**	285,047
Prepaid rent deposit	**55,178**	51,769
	$ 2,421,082	$ 1,241,606
Liabilities		
Current		
Accounts payable and accrued liabilities (note 6)	**$ 117,708**	$ 151,270
Deferred contributions (note 7)	**386,625**	78,136
Current portion of lease inducement (note 8)	**12,414**	11,174
	516,747	240,580
Deferred lease inducement (note 8)	**57,739**	38,525
Deferred capital contributions (note 9)	**75,810**	8,590
	650,296	287,695
Net Assets		
General fund	**945,953**	156,243
Invested in capital assets	**319,732**	276,457
Reserve fund (note 10)	**505,101**	521,211
	1,770,786	953,911
	$ 2,421,082	$ 1,241,606

Commitments (note 12)

Approved on behalf of the Board:

Chris Lefaivre
Director

Steve Gilliss
Director

Veterans Association Food Bank

Statement of Cash Flows

For the year ended May 31,	2025	2024
Cash provided by (used for)		
Operating activities		
Excess (deficiency) of revenues over expenditures	**$ 816,875**	$ (515,598)
Items not affecting cash		
Amortization of capital assets	**80,823**	53,587
Amortization of deferred lease inducement	**(5,855)**	(4,611)
Gain on sale of capital asset	**-**	(368)
Amortization of deferred contributions	**(14,290)**	(4,341)
Donated investments received	**(106,704)**	(10,130)
(Gain) loss on sale of short term investments	**(6,484)**	3,521
Unrealized gain on short term investments	**(19,412)**	(16,985)
Write down of leasehold improvements	**-**	32,815
	744,953	(462,110)
Change in non-cash working capital items		
Accounts receivable	**(39,352)**	27,253
Gift card inventory	**(119,900)**	11,700
Prepaid expenses and deposits	**32,964**	(33,038)
GST	**(29,313)**	12,535
Accounts payable and accrued liabilities	**(33,562)**	2,618
Deferred contributions	**308,489**	(112,287)
Deferred leasehold inducements	**26,309**	(26,939)
Prepaid rent deposit	**(3,409)**	(6,437)
	887,179	(586,705)
Financing activity		
Deferred capital contributions	**81,510**	6,651
Investing activities		
Purchase of investments	**(117,534)**	(187,586)
Proceeds on sale of investments	**233,994**	682,493
Purchase of capital assets	**(191,318)**	(64,858)
Proceeds on disposal of capital assets	**-**	3,675
	(74,858)	433,724
Increase (decrease) in cash	**893,831**	(146,330)
Cash, beginning of year	**257,798**	404,128
Cash, end of year	**$ 1,151,629**	$ 257,798

1. Purpose of the association

Veterans Association Food Bank (the "Association") 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 Association is dedicated to providing assistance and support to veterans and their families in need.

The Association currently operates a food bank and thrift store in Calgary and a food bank in Edmonton, Grande Prairie and Lethbridge.

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 Association follows the deferral method of accounting for contributions.

Revenue from donations is recognized on a cash basis, with no accrual being made for amounts pledged but not received.

Thrift store income is recognized at the point of sale.

Donated equipment and contributions received for the purchase of equipment are initially deferred and recognized in revenue on the same basis as the related amortization expense.

Fundraising revenue is recognized on completion of event.

Restricted contributions are initially deferred and 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 can be reasonably estimated and collection is reasonably assured.

Interest and other investment income, which consists of interest, dividends, income distributions from funds and realized gains and losses, are recognized as revenue when receivable.

(b) Donated material and services

The operations of the Association depends on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services can be difficult to determine and donated materials and services are reflected in these financial statements only when their fair value can be reasonably determined and the materials and services are used in the normal course of the Associations operations.

The Associations efforts are dependent on volunteer services of many of its members and others. As it is difficult to determine the fair value of these services they are not recorded in these financial statements.

2. Significant accounting policies (continued)

(c) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less. The restricted cash received is to be used for specific purposes and is maintained in a separate bank account.

(d) Capital assets

Capital assets are recorded at cost. The Association provides for amortization using the declining balance and straight-line methods at rates designed to amortize the cost of the assets over their estimated useful lives, as set out below.

Contributed capital assets are recorded at fair value at the date of contribution.

Computer equipment	55% Declining balance
Equipment	20% Declining balance
Furniture and fixtures	20% Declining balance
Leasehold improvements	Over the remaining terms of the lease
Vehicles	30% Declining balance

(e) Impairment of long-lived assets

The Association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(f) Intangible assets - cloud computing arrangements

The Association applies the simplification method to expenditures in a cloud computing arrangement that fall within the scope of AcG-20, Customer’s Accounting for Cloud Computing Arrangements. Under this method, expenditures are treated as a supply of services and recognized as an expense when the Association receives the service. Expenditures related to implementation activities are expensed as incurred.

(g) Lease inducements

Credits received for leasehold improvements are recognized in the balance sheet as lease inducements and amortized on a straight-line basis over the term of the lease to which they relate.

2. Significant accounting policies (continued)

(h) Financial instruments

Initial measurement
Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Financial assets or liabilities originated or exchanged in related party transactions except for those that involve parties whose sole relationship with the Association is in the capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If the instrument does, the cost is determined using the instruments undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise cost is determined using the consideration transferred or received by the Association in the transaction.

Transactions, with parties whose sole relationship with the Association is in the capacity of management, are accounted for as arm’s length transactions.

Subsequent measurement
The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in debt instruments, equity instruments and forward exchange contracts that are quoted in an active market, which are measured at fair value without any adjustment for transaction costs. Changes in fair value are recognized in net income in the period in which they occur.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include investments.

Transaction costs
Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction cost for financial instruments originated or exchanged in an arm’s length transaction that are subsequently measured at amortized cost are recognized in the original cost of the instrument and recognized in income over the life of the instrument using the straight-line method.

2. Significant accounting policies (continued)

Impairment
At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

(i) Use of estimates

The preparation of the 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 disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions is amortization related to the estimated useful life of the capital assets. Actual results could differ from those estimates.

3. Cash

	2025	2024
Unrestricted	**$ 765,004**	$ 179,662
Fundraising restricted	**86,685**	78,136
Restricted grant fund	**299,940**	-
	$ 1,151,629	$ 257,798

Fundraising restricted cash are subject to Alberta Gaming, Liquor and Cannabis restrictions (note 7).

Restricted grant fund, is restricted to specified veterans homelessness program costs as outlined in the grant application (note 7).

4. Investments

	2025	2024
Compass conservative portfolio and other holdings	$ 505,101	$ 486,180
Insurance cash surrender value	19,554	22,335
	$ 524,655	$ 508,515

Investments are recorded at fair market value and includes internally restricted assets for the reserve fund as described in Note 10.

5. Capital assets

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	$ 32,474	$ 22,669	$ 9,805	$ 6,925
Equipment	142,504	49,885	92,619	31,398
Furniture and fixtures	150,171	43,983	106,188	41,466
Leasehold improvements	299,403	130,426	168,977	179,610
Vehicles	56,895	38,942	17,953	25,648
	$ 681,447	$ 285,905	$ 395,542	$ 285,047

6. Accounts payable and accrued liabilities

	2025	2024
Accounts payable and accrued liabilities	$ 102,610	$ 137,688
Government remittances payable	15,098	13,582
	$ 117,708	$ 151,270

7. Deferred contributions

Deferred contributions represent unspent restricted donations & unspent restricted grant funds.

	Balance, beginning of year	Received	Recognized	**Balance, end of year**
Fundraising & Casino	$ 78,136	$ 37,104	$ (28,555)	**$ 86,685**
Veterans Homelessness Program ("VHP")	-	1,966,581	(1,666,641)	**299,940**
	$ 78,136	$ 2,003,685	$(1,695,196)	**$ 386,625**

The Fundraising & Casino balance consists of funds received by Alberta Gaming, Liquor and Cannabis ("AGLC"). These contributions are deferred and recognized as revenue as the appropriate expenditures are incurred.

The VHP program balance consists of funds received from Infrastructure Canada ("INFC"). The contributions are deferred and recognized as revenue as expenses are incurred for program costs. The VHP program is subject to an audit at the end of the program, March 31, 2028, to ensure compliance with the program terms.

8. Deferred lease inducement

The Association received a lease inducement, as part of the lease agreement, by way of a tenant leasehold improvement allowance for Calgary and Edmonton. The inducements for leasehold improvements is recognized as a reduction to rent expense on the same basis as the related asset.

9. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received to purchase equipment.

	Capital fund 2025	Capital fund 2024
Beginning balance	$ 8,590	$ 6,282
Contributions received	81,510	6,649
Amount amortized in the year	(14,290)	(4,341)
Ending balance	$ 75,810	$ 8,590

10. Reserve fund policy

The Association has designated a certain amount of unrestricted net assets as a reserve fund for future operating costs and as such these costs will be maintained on hand and allocated towards the costs in future periods.

11. Interfund transfer

During the year, the Association transferred $162,311 (2024 - $14,758) and $(53,290) (2024 - $74,928) (to) from the general fund to the capital fund and reserve fund respectively.

12. Lease commitments

The Association's total commitments, under various property lease agreements, exclusive of occupancy costs, are as follows:

2026	$ 436,795
2027	419,546
2028	310,793
2029	313,873
2030	321,272
Subsequent years	848,505
	$ 2,650,784

Subsequent to year-end, the Association renewed the lease agreement with repects to its premises in Lethbridge for the food bank location commencing October 1, 2025 and expiring September 30, 2027. The lease payments have been included in the above commitments.

13. Allocation of administrative expenses

During the year, the Association allocated administrative and overhead costs of $90,199 (2024 - $nil) to the veterans homelessness program. Percentage allocations of these costs are based on amounts approved by the program.

	%	2025
Accounting Fees	15	**$ 7,557**
Rent	15	**44,884**
Insurance	15	**3,408**
Marketing	100	**17,057**
Travel	100	**17,293**
		$ 90,199

14. Financial instruments

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of May 31, 2025.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from government agencies, donors and other related sources and accounts payable and accrued liabilities.

(b) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from donors and its cash, cash equivalents and investments. The Association's donors include government agencies, other charities and various donors. The Association minimizes its credit risk relating to cash, cash equivalents and investments by placing its cash with major financial institutions.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or issuer, or factors affecting similar financial instruments or issuers. Short term investments are exposed to market risk due to changing market conditions, and are controlled by an investment policy approved by the Board of Directors.