



ANNUAL REPORT

Alberni District Co-operative Association
94th Annual General Meeting
For the year ending November 26th, 2022
Held on April 27, 2023

Agenda

1. Call to Order and Introduction
2. Notice of Meeting **(pg 3)**
3. Minutes of the 93rd Annual General Meeting **(pg 4-7)**
4. Business arising from the minutes
5. Reports
 - a) Directors
 - b) General Manager
 - c) Auditor/Financial **(pg 8-23)**
 - d) FCL Report
6. Discussion and Adoption of reports
7. Appointment of Auditors for 2023
8. Election of Directors
9. New Business
10. Oath of Office
11. Member Draws
12. Adjournment

Annual General Meeting

Alberni District Co-op

We invite you to join us,
Thursday: April 27th, 2023
Barclay Best Western Hotel

Doors Open at 6:30pm
Meeting Starts at 7:00pm

Meeting Agenda

- Election of Board of Directors
- Board and Management Reports
- Financial and Auditors Reports

albernico-op.crs



**Minutes of the 93rd Annual General Meeting
For the year ending November 27th, 2021.**

Call to Order:

President Neil Malbon calls the 93rd AGM to order at 7:02 p.m. on April 28, 2022. President Neil Malbon introduced the Board, Management, and guests (MNP, Cory Vanderhorst and FCL Paul Hames.) and read the Notice of meeting

32 members registered and 4 guests.

Previous Year Minutes:

Minutes for the 92nd Annual General Meeting are read by Secretary Ray Dol.

Neil Malbon asked for a motion that the Minutes of the 92nd Annual General Meeting be accepted as presented.

Moved by: Dave Hooper
Seconded by: Robert Gunn
Carried

Business Arising from the Minutes:

None

Presidents Report:

Given by President Neil Malbon

Manager's Report:

Given by General Manager Dave Heinrichs

Audit and Financial Statement:

Presented by Corey Vanderhorst from Meyers Norris & Penny on behalf of Alburni District Co-op.

FCL Report:

Paul Hames was the FCL representative. He gave a high-level report on FCL's 2021 year and the start of 2022. Some of the highlights mentioned were the results of 2021 and how the beginning of 2022 is starting. An overview of the Husky purchase, an overview of the capital being spent in the AG sector and notice of the CEO retiring and a new CEO being hired.

Neil Malbon asked for a motion to accept the presidents report, general managers' report, and the 2021 Audited Financial Statement as presented by MNP.

Moved by: Dan McLaren
Seconded by: Jess Downton
Carried

Appointment of Auditors:

Neil Malbon asked to have a motion for Meyers Norris & Penny to be appointed as auditors for year 2022.

Moved by: Bob Thomas
Seconded by: Anton Dol
Carried

Election of Directors:

There were 2 seats available for the election of directors, Jim Creighton and Neil Malbon were up for election. There were 3 nominations for the 2 seats, Jim Creighton, Neil Malbon, and David Wiwchar. Speeches were given by the 3 nominations and a vote was then carried out by ballot and counted by the two guest Cory Vanderhorst and Paul

Hames. The successful recipients were Jim Creighton and Neil Malbon. Thanks, was giving to David for letting his name stand.

Ray asked for a motion to destroy the ballots.

Moved by: Dave Hooper

Seconded by: Jess Downton

Carried

New Business:

No new business

Special Business:

A special resolution was presented to the membership around qualifications for directors.

Background: This addition seeks to add a qualification to Part 13.76 of the Bylaws – Qualifications for Directors. As Alberni Co-op has purchased a Liquor store, we now have a legal obligation to fill which requires Directors and Management to meet Liquor and Cannabis Regulations which are associated with operating a liquor business.

Resolved: That bylaw Part 13 – Directors, Section – 76 Qualifications for Directors, (4) – No individual is entitled to become or act as a director of the Association if:

Add (4). i) the individual cannot meet the required Liquor and Cannabis Regulation Branch (LCRB) regulations.

Neil asked for a motion to accept the special resolution as presented

Moved by: Ray Dol

Seconded by: Dave Hooper

Carried

Awards and Presentations:

Announcements were made for the following

Service Awards:

Angie Croxen	15 years
Chuck Croxen	15 years
Maria Nemeth	15 years
George Johnson	10 years
Livi DeRooy	5 years
Jim Creighton (Director)	9 years
Ray Dol (Director)	24 years

Oath of Office:

Oath of Office was given to all directors by Paul Hames

Member Draws:

Member draws were won by the following:

Lisa Brooks	\$50 gift card
Angie Croxen	\$50 gift card
Chris Zweep	\$50 gift card
Jon Vanappledorn	\$50 gift card
Diena Tyne	\$50 gift card
Jess Downton	\$300 fuel voucher
Frank Holm	\$300 fuel voucher
Bob Thomas	\$500 gift card
Bill Windley	\$500 gift card

Adjournment:

8:04 p.m.

Motion to adjourn given by Diena Tyne.

Management's Responsibility

To the Members of Alberni District Co-operative Association:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for private enterprises. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Co-operative. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. The Board is also responsible for recommending the appointment of the Co-operative's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with both the Board and management to discuss their audit findings.

April 20, 2023



General Manager

To the Members of Alberni District Co-operative Association:

Opinion

We have audited the financial statements of Alberni District Co-operative Association (the "Co-operative"), which comprise the balance sheet as at November 30, 2022, and the statements of net savings and retained savings and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Co-operative as at November 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for Opinion

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 Co-operative 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 private enterprises, 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 Co-operative'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 Co-operative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Co-operative'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 Co-operative'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 Co-operative'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 Co-operative 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.

Nanaimo, British Columbia

April 20, 2023

MNP LLP

Chartered Professional Accountants

Alberni District Co-operative Association
Balance Sheet
As at November 30, 2022

	2022	2021
Current assets		
Cash	\$ 1,942,159	\$ 1,564,199
FCL special deposit (Note 4(a))	5,369,898	3,486,040
Accounts receivable (Note 6)	2,212,060	1,678,138
Income taxes recoverable	273,389	852,540
Inventories	1,499,542	1,242,185
Prepaid expenses	23,119	22,060
	11,320,167	8,845,162
Investments		
Federated Co-operatives Limited (Note 4(b))	8,012,929	7,636,823
Vancouver Island Central Services Co-operative Association (Note 5)	65,987	66,238
Other organizations	252	249
Property, plant and equipment (Note 7)	6,120,363	6,498,618
Intangible asset (Note 8)	735,000	735,000
Goodwill	2,113,000	2,113,000
Total assets	\$ 28,367,698	\$ 25,895,090
Current liabilities		
Accounts payable and trust liabilities (Note 9)	3,805,310	2,799,258
Customer prepaid accounts	67,358	69,839
Total liabilities	3,872,668	2,869,097
Members' equity		
Share capital (Note 10)	3,921,580	3,433,071
Reserves and retained savings (Note 11)	20,573,450	19,592,922
	24,495,030	23,025,993
Total liabilities and members' equity	\$ 28,367,698	\$ 25,895,090

Subsequent events (Note 17)
 Commitments (Note 18)

Approved on behalf of the Board of Directors


 Penny Richardson (Apr 20, 2023 18:54 PDT)

Director


 Ray Dol (Apr 20, 2023 16:52 PDT)

Director

The accompanying notes are an integral part of these financial statements



Alberni District Co-operative Association
Statement of Net Savings and Statement of Retained Savings
For the Year Ended November 30, 2022

	2022	%	2021	%
Sales (Note 12)	\$ 51,188,915	100.0	\$ 36,224,510	100.0
Cost of goods sold	<u>46,301,560</u>	<u>90.5</u>	<u>31,750,609</u>	<u>87.6</u>
Gross margin	<u>4,887,355</u>	<u>9.5</u>	<u>4,473,901</u>	<u>12.4</u>
Expenses				
Operating and administration	4,520,375	8.8	3,891,207	10.7
Net interest (Note 14)	<u>(208,904)</u>	<u>(0.4)</u>	<u>(91,702)</u>	<u>(0.3)</u>
	<u>4,311,471</u>	<u>8.4</u>	<u>3,799,505</u>	<u>10.4</u>
Savings from operations	<u>575,884</u>	<u>1.1</u>	<u>674,396</u>	<u>2.0</u>
FCL loyalty program (Note 4(d))	968,328	1.9	873,223	2.4
Patronage refunds	<u>1,231,488</u>	<u>2.4</u>	<u>1,032,169</u>	<u>2.8</u>
Savings before income taxes	2,775,700	5.4	2,579,788	7.2
Income tax expense (Note 16)	<u>261,304</u>	<u>0.5</u>	<u>58,818</u>	<u>0.2</u>
Net savings	<u>\$ 2,514,396</u>	<u>4.9</u>	<u>\$ 2,520,970</u>	<u>7.0</u>
Retained savings, beginning of year	\$ -		\$ -	
Net savings	2,514,396		2,520,970	
Transfer to general reserve (Note 11)	(982,546)		(1,376,445)	
Patronage allocation to members (Note 10)	<u>(1,531,850)</u>		<u>(1,144,525)</u>	
Retained savings, end of year (Note 11)	<u>\$ -</u>		<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements



Alberni District Co-operative Association
Statement of Cash Flows
For the Year Ended November 30, 2022

	2022	2021
Operating activities		
Net savings	\$ 2,514,396	\$ 2,520,970
Adjustments for:		
Depreciation	521,851	578,798
FCL patronage refund	(1,223,942)	(1,021,915)
VICSCA patronage refund	(7,545)	(10,253)
(Gain) loss on the disposal of property, plant and equipment	(1,247)	9,707
Changes in non-cash operating working capital:		
Accounts receivable	(533,922)	(351,084)
Income taxes recoverable	579,151	(852,540)
Inventories	(257,357)	(252,170)
Prepaid expenses	(1,059)	11,772
Accounts payable and trust liabilities	1,006,052	503,919
Income taxes payable	-	(170,818)
Customer prepaid accounts	(2,481)	(15,054)
Cash provided by operating activities	<u>2,593,897</u>	<u>951,332</u>
Investing activities		
Redemption of FCL shares	847,836	183,689
Redemption of VICSCA shares	7,796	5,947
Additions to property, plant and equipment	(144,449)	(2,076,460)
Proceeds from the disposal of property, plant and equipment	2,100	-
Investment in other organization	(3)	(2)
Cash provided by (used for) investing activities	<u>713,280</u>	<u>(1,886,826)</u>
Financing activities		
Share capital issued	5,290	4,960
GST on allocation	52,535	23,631
Redemption of share capital	(1,103,184)	(541,182)
Cash used for financing activities	<u>(1,045,359)</u>	<u>(512,591)</u>
Net increase (decrease) in cash	2,261,818	(1,448,085)
Cash, beginning of year	<u>5,050,239</u>	<u>6,498,324</u>
Cash, end of year	<u>\$ 7,312,057</u>	<u>\$ 5,050,239</u>
Cash is comprised of:		
Cash	\$ 1,942,159	\$ 1,564,199
FCL special deposit	5,369,898	3,486,040
	<u>\$ 7,312,057</u>	<u>\$ 5,050,239</u>

The accompanying notes are an integral part of these financial statements



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2022

1. Incorporation and operations

Alberni District Co-operative Association ("the Co-operative") was incorporated under the Co-operatives Act of British Columbia on October 10, 1928. The Co-operative operates three gas bar locations, a commercial cardlock, a furnace maintenance business and a liquor store in the Alberni Valley area. The Co-operative has approximately 11,000 members, of which approximately 9,000 are active.

2. Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for private enterprises. A precise determination of many assets and liabilities is dependent upon future events and consequently, the preparation of these financial statements involves the use of estimates and approximations. Areas subject to estimation include valuation of accounts receivable, inventory, useful life of property, plant and equipment, impairment of long-lived assets, goodwill, income taxes, accrued liabilities, asset retirement obligation and potential contingencies. These estimates also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

These financial statements have been prepared to reflect the following significant accounting policies:

(a) Definition of financial year

The Co-operative's financial year ends on the Saturday closest to November 30th.

(b) Cash and cash equivalents

Cash and cash equivalents are defined as cash and investments with an initial maturity of less than three months.

(c) Inventories

Inventories are valued using the first-in first-out method and the retail method. Inventories are stated at the lower of cost and net realizable value.

The Co-operative estimates net realizable value as the amount that inventories are expected to be sold for, taking into consideration fluctuations of retail price due to seasonality less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is determined to be not recoverable due to obsolescence, damage or permanent declines in selling prices.

(d) Financial instruments

The Co-operative recognizes its financial instruments when the Co-operative becomes party to the contractual provisions of the financial instrument.

(i) Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction are initially recorded at their fair value. At initial recognition, the Co-operative may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Co-operative has not made such an election during the year.

Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment, or adjustments for patronage refunds or share redemptions. All transactions with Federated Co-operatives Limited (FCL) are disclosed in a separate note (Note 4). All other financial assets and liabilities are subsequently measured at amortized cost.



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2022

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

(ii) Financial asset impairment

The Co-operative assesses impairment of all its financial assets measured at cost or amortized cost. The Co-operative groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group, there are numerous assets affected by the same factors, or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty, whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Co-operative determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Co-operative reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the balance sheet date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year net earnings.

The Co-operative reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net earnings in the year the reversal occurs.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is taken over the estimated useful lives of the assets using the following methods and rates:

Buildings	Straight-line & declining balance	25 - 30 years & 4.22% & 5.03%
Pavement	Declining balance	4% & 8%
Tanks & fittings	Declining balance	10%
Furniture & equipment	Straight-line & declining balance	5 years & 20% - 100%
Vehicles	Declining balance	10% - 45%
Fence	Declining balance	10%

Expenditures for maintenance and repairs are charged to operating expenses as incurred. Significant expenditures for improvements are capitalized. Gains or losses realized on the disposal of property, plant and equipment are reflected in operations in the year of disposition.

Claims for assistance under various FCL programs are recorded as a reduction of the cost of related assets in the period in which eligible expenditures are incurred, with any depreciation calculated on the net amount.

An impairment loss is recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. No such impairment loss was recorded during the year.

(f) Share capital

The Co-operative approves an allocation to members subsequent to year end. The amount is recorded as an addition to share capital and a reduction in retained savings. The Co-operative records the redemption of shares that is to be paid to members at the time it has been approved by the Board of Directors.



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2022

(g) Revenue recognition

The Co-operative recognizes revenue when evidence of an arrangement exists, delivery or change of ownership has occurred, the price has been determined, and collection is reasonably assured.

Patronage allocations are recognized in earnings when earned by the Co-operative.

(h) Income taxes

The Co-operative follows the taxes payable method whereby only current income tax assets and liabilities are recognized to the extent they remain unpaid or are recoverable. In addition, the benefit relating to a tax loss incurred in the current period and carried back to prior periods is recognized as a current asset. Current income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

(i) Goodwill

Goodwill resulting from business combinations represents the portion of the purchase price that was in excess of the fair value of the net identifiable assets acquired. Goodwill is not amortized and is tested for impairment whenever changes in circumstances indicate that the carrying amount of the reporting unit to which goodwill is assigned exceeds the fair value of the reporting unit. If the carrying value of the reporting unit to which goodwill has been assigned exceeds its fair value, then, with respect to the reporting unit's goodwill, any excess of its carrying value over its fair value is expensed. Impairment losses relating to goodwill cannot be reversed in future years.

(j) Intangible asset

Intangible asset is stated at cost less impairment losses, if any. An impairment loss is recognized when the carrying amount of an intangible asset is not recoverable and exceeds its fair value. No such impairment loss was recorded during the year.

(k) Government assistance

The Co-operative recognizes government assistance when there is a reasonable assurance that it will comply with the conditions required to qualify for the assistance, and that the assistance will be received. The Co-operative recognizes government assistance related to the Canada Emergency Wages Subsidy ("CEWS") and the Temporary Wage Subsidy ("TWS") as a reduction to the expense which the assistance program is meant to fund. Government assistance in the form of forgivable loans is recognized as other income in the year that the forgivable loan is received.

3. Financial instruments and risk management

The significant financial risks to which the Co-operative is exposed are credit risk and interest rate risk.

(a) Credit risk

The Co-operative is exposed to credit risk on accounts receivable from its customers. The Co-operative manages credit risk through an active credit management program. The Co-operative does not have a significant exposure to any individual customer.



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2022

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Co-operative's sensitivity to fluctuations in interest rates is limited to its cash and funds on deposit. The Co-operative manages its exposure to interest rate risk through floating rate deposits and borrowings.

4. Transactions with Federated Co-operatives Limited (FCL)

(a) FCL special deposit

Amounts held with FCL as special deposits earn interest at rates based on prime rates.

(b) Patronage refund

The Co-operative, along with other Co-operatives in Western Canada, own FCL. At the end of each year, FCL divides a substantial portion of its net savings among these retail Co-operatives in proportion to the business done by each with FCL. During FCL's fiscal year ended October 31, 2022, the Co-operative purchased goods amounting to \$35,500,036 (2021 - \$21,848,566) from FCL in the normal course of operations.

These purchases resulted in a patronage refund from FCL which was received as non-cash consideration in the form of additional shares in FCL. FCL, based on its available cash flow, redeemed an amount of FCL shares held by the Co-operative. The amounts of the patronage refund and shares redeemed are as follows:

	2022		2021
Opening investment balance	\$ 7,636,823	\$	6,798,597
Patronage refund	1,223,942		1,021,915
Share redemptions	<u>(847,836)</u>		<u>(183,689)</u>
Closing investment balance	<u>\$ 8,012,929</u>	\$	<u>7,636,823</u>

(c) Asset retirement obligation

The Co-operative participates in a contaminated site management program established by FCL to manage its asset retirement obligations. This program limits the Co-operative's liability to \$25,000 per site as long as the Co-operative continues to exercise due diligence. The Co-operative has three sites under this program. Management believes that due diligence has been exercised and that the impact of the asset retirement obligation to the Co-operative's financial statements is not significant.

(d) Purchase commitments

Under the terms of the agreement with FCL, the Co-operative has committed to purchase at least 90% of its total goods from FCL and commits, to the best of its ability, to use FCL's services. If the eligibility requirements are met, FCL will pay the Co-operative, on a quarterly basis, a Loyalty Payment based on cents per litre. The Loyalty Payment revenue is accrued as earned.



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2022

5. Transactions with Vancouver Island Central Services Co-operative Association (VICSCA)

The Co-operative, along with other Co-operatives on Vancouver Island, own VICSCA. At the end of December in each year, VICSCA divides a substantial portion of its net savings among these retail Co-operatives in proportion to the business done by each with VICSCA. In 2022, the Co-operative purchased goods amounting to \$236,220 (2021 - \$212,840) from VICSCA in the normal course of operations. These purchases resulted in a patronage refund from VICSCA which was received as non-cash consideration in the form of additional shares in VICSCA. VICSCA, based on its available cash flow, redeemed an amount of VICSCA shares held by the Co-operative. The amounts of the patronage refund and shares redeemed are as follows:

	2022	2021
Opening investment balance	\$ 66,238	\$ 61,932
Patronage refund	7,545	10,253
Share redemptions	<u>(7,796)</u>	<u>(5,947)</u>
Closing investment balance	<u>\$ 65,987</u>	<u>\$ 66,238</u>

6. Accounts receivable

	2022	2021
Customer accounts receivable	\$ 1,910,092	\$ 1,200,431
Other accounts receivable	319,568	478,607
Allowance for doubtful accounts	<u>(17,600)</u>	<u>(900)</u>
	<u>\$ 2,212,060</u>	<u>\$ 1,678,138</u>

7. Property, plant and equipment

	Original Cost	Accumulated Depreciation	2022 Book Value	2021 Book Value
Land	\$ 1,169,487	\$ -	\$ 1,169,487	\$ 1,169,487
Buildings	3,381,315	1,286,482	2,094,833	2,195,728
Pavement	715,442	308,318	407,124	442,338
Tanks & fittings	957,013	619,319	337,694	289,267
Furniture & equipment	3,123,307	2,020,283	1,103,024	1,395,003
Vehicles	943,758	837,910	105,848	148,838
Fence	14,105	11,565	2,540	2,822
Under Construction	<u>899,813</u>	<u>-</u>	<u>899,813</u>	<u>855,135</u>
	<u>\$ 11,204,240</u>	<u>\$ 5,083,877</u>	<u>\$ 6,120,363</u>	<u>\$ 6,498,618</u>

Depreciation for the current year included in operating and administration expense was \$521,851 (2021 - \$578,798).

8. Intangible asset

Intangible asset consists of a licence that has an indefinite useful life.



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2022

9. Accounts payable and trust liabilities

	2022	2021
FCL payables	\$ 3,440,724	\$ 2,452,276
Other payables	313,020	307,908
Trust liabilities:		
Payroll deductions	15,255	-
Goods and services tax	-	11,895
Provincial sales tax	36,311	27,179
	<u>\$ 3,805,310</u>	<u>\$ 2,799,258</u>

10. Share capital

Authorized, unlimited @ \$10	2022	2021
Balance, beginning of year	\$ 3,433,071	\$ 2,865,269
Allocation to members	1,531,850	1,144,525
Cash from new members	5,290	4,960
GST on allocation	52,535	23,631
Shares transferred from reserves	2,028	5,536
	<u>5,024,774</u>	<u>4,043,921</u>
General repayment	885,881	418,355
Shares transferred to reserves	10	69,668
Withdrawals and retirements	120,401	91,714
Withholding tax	96,902	31,113
	<u>1,103,194</u>	<u>610,850</u>
Balance, end of year	<u>\$ 3,921,580</u>	<u>\$ 3,433,071</u>



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2022

11. Reserves and retained savings

	Statutory Reserve	General Reserve	Retained Savings	2022	2021
Balance, beginning of year	\$ 284,156	\$ 19,308,766	\$ -	\$ 19,592,922	\$ 18,152,345
Net savings distributed to retained savings	-	-	2,514,396	2,514,396	2,520,970
Patronage allocation	-	-	(1,531,850)	(1,531,850)	(1,144,525)
Shares transferred	(2,018)	-	-	(2,018)	64,132
Reserve transfers	-	982,546	(982,546)	-	-
Balance, end of year	<u>\$ 282,138</u>	<u>\$ 20,291,312</u>	<u>\$ -</u>	<u>\$ 20,573,450</u>	<u>\$ 19,592,922</u>

12. Sales

	2022	2021
Beaver Creek Petroleum	\$ 20,402,629	\$ 11,793,129
Beaver Creek C-Store	7,725,147	6,428,054
Johnston Road C-Store	8,957,580	6,425,070
Furnace Maintenance	169,091	254,943
10th Ave C-Store	9,647,879	7,536,992
Johnston Road Liquor	4,286,589	3,786,322
	<u>\$ 51,188,915</u>	<u>\$ 36,224,510</u>

The Co-operative's business operations consist of one segment. All sales are to external customers and no single customer accounts for more than 10% of sales.

13. Government assistance

In response to the negative economic impact of COVID-19 the Government of Canada has announced the TWS program in March 2021 and the CEWS program in April 2021. TWS and CEWS provide wage subsidies on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, which for CEWS includes demonstration of revenue declines as a result of COVID-19.

The Co-operative has determined that it has qualified for the TWS and CEWS. The Co-operative has applied for and has received \$nil (2021 - \$145,193) which has been reflected as a reduction to operating and administration expenses.



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2022

14. Net interest

	2022	2021
Interest revenue	<u>(208,904)</u>	<u>(91,702)</u>
	<u>\$ (208,904)</u>	<u>\$ (91,702)</u>

15. Pension plan

The Co-operative participates in a multi-employer defined contribution plan whereby the Co-operative and participating employees contribute equal amounts up to the maximum allowed under the Income Tax Act. The Co-operative has no unfunded liability under this plan. During the year, the Co-operative recorded \$73,483 (2021 - \$76,315) of expense relating to the plan. There were no significant changes to the rate of employer contributions during the year.

16. Income taxes

The Co-operative accounts for income taxes using the taxes payable method. As a result, the Co-operative's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	2022	2021
Savings before income taxes	\$ 2,775,700	\$ 2,579,788
Expected income tax expense at the combined tax rate of 27.0% (2021 - 27.0%) net of the small business deduction	749,439	696,543
Increase (decrease) in income tax expense resulting from:		
Non-taxable income and non-deductible expense	183	2,790
Deferral of patronage income inclusion	(53,816)	(266,153)
Patronage allocation to members of \$1,531,850 (2021- \$1,144,550)	(413,600)	(309,029)
Income or expenses claimed in different periods for income tax purposes:		
Capital cost allowance in excess of depreciation	<u>(20,902)</u>	<u>(65,333)</u>
Income tax expense	<u>\$ 261,304</u>	<u>\$ 58,818</u>

17. Subsequent events

(a) Patronage allocation to members

Subsequent to November 30, 2022 the Board of Directors approved a patronage allocation to members in the amount of \$1,531,850 (2021 - \$1,144,550).

(b) Share redemption

Subsequent to November 30, 2022 the Board of Directors approved a redemption of shares in the amount of \$1,174,711 (2021 - \$885,881).



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2022

18. Commitments

(a) Cardlock project

The Co-operative is committed to the completion of a new cardlock. The estimated total cost of the project is \$6,500,000 of which \$889,813 has been set up as construction in progress. This project will be financed from operations or a loan.

(b) Lease payments

The Co-operative is committed to operating leases. Total minimum lease payments are as follows:

2023	\$	101,056
2024		103,476
2025		105,897
2026		106,502
2027		26,626
		<hr/>
	\$	443,557
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19. Comparative figures

Certain comparative figures have been reclassified to conform to current year financial statement presentation. This did not affect prior year earnings.



Alberni District Co-operative Association
Directors and Officers
For the Year Ended November 30, 2022

Position	Name	Address	Year Term Expires
President	Neil Malbon	Port Alberni, BC	2025
Vice President	Penny Richardson	Port Alberni, BC	2024
Secretary	Ray Dol	Port Alberni, BC	2024
Director	Buddy Hamilton	Port Alberni, BC	2023
Director	Jim Creighton	Port Alberni, BC	2025



