



# ANNUAL REPORT

***Alberni District Co-operative Association  
95<sup>th</sup> Annual General Meeting  
For the year ending December 02, 2023  
Held on April 25, 2024***

**Agenda**

1. Call to Order and Introduction
2. Notice of Meeting **(pg 3)**
3. Attendance
4. Minutes of the 94<sup>th</sup> Annual General Meeting **(pg 4-6)**
5. Business arising from the minutes.
6. Reports
  - a) President **(pg 7-8)**
  - b) General Manager **(pg 9)**
  - c) Auditor/Financial **(pg 10-24)**
  - d) FCL Report
7. Discussion and Adoption of reports
8. Appointment of Auditors for 2024
9. Election of Directors
10. New Business
11. Oath of Office
12. Member Draws
13. Adjournment

# Annual General Meeting

## Alberni District Co-op

We invite you to join us,

Thursday: April 25th, 2024

Barclay Best Western Hotel

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Doors Open at 6:30pm

Meeting Starts at 7:00pm

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### Meeting Agenda

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

[albernico-op.crs](http://albernico-op.crs)





***Minutes of the 94th Annual General Meeting  
For the year ending November 26th, 2022.***

**Call to Order:**

President Neil Malbon calls the 94<sup>th</sup> AGM to order at 7:05 p.m. on April 27, 2023. President Neil Malbon introduced the Board, Management, and guests (MNP, Cory Vanderhorst and FCL Graham Anderson.) and read the Notice of meeting.

48 members registered and 6 guests.

**Previous Year Minutes:**

Minutes for the 93<sup>rd</sup> Annual General Meeting are read by Secretary Ray Dol.

Neil Malbon asked for a motion that the Minutes of the 93<sup>rd</sup> Annual General Meeting be accepted as presented.

Moved by: Denis Francoeur  
Seconded by: Jess Downton  
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 Alberni District Co-op.

**FCL Report:**

Graham Anderson gave some history of Alberni Co-op before giving some details on FCL. He started by talking about overall sales and how positive 2022 was in FCL with \$348m being returned to local coops. Gave an update on the new CEO Heather Ryan. Graham discussed how the Husky retails are now in the process of being rebranded. He gave a brief overview of the refinery working towards a carbon capture system to help meet climate targets and finished with a reiteration of our partnership with Tseshaht and thanked Buddy for his years of service as a director.

Neil Malbon asked for a motion to accept the presidents report, general managers' report, FCL report and the 2022 Audited Financial Statement as presented by MNP.

Moved by: Jim Creighton  
Seconded by: Ron Sopow  
Carried

**Appointment of Auditors:**

Neil Malbon asked to have a motion for Meyers Norris & Penny to be appointed as auditors for year 2023.

Moved by: Ray Dol  
Seconded by: Denis Francoeur  
Carried

**Election of Directors:**

There was 1 seat available for the election of director, Buddy Hamilton was up for election. There were 5 nominees for the 1 seat, Robert

Casault, Thomas Hall, Pat O'Connell, Ronald Sopow and David Wiwchar were the members running. Speeches were given by the 5 nominees and a vote was then carried out by ballot and counted by the two guest Cory Vanderhorst and Graham Anderson. The successful recipient was David Wiwchar. Thanks, was giving to the other candidates for letting their names stand.

Ray made a motion to destroy the ballots.  
Seconded by: Denis Francoeur  
Carried

**New Business:**

A question from the floor was asked around the cardlock. Response was given by general manager Dave.

**Oath of Office:**

Oath of Office was given to all directors by Graham Anderson

**Member Draws:**

Member draws were won by the following:

Thomas Hall	\$50 gift card
Doug Smith	\$50 gift card
Jon Van Apeldoorn	\$75 gift card
Bob Frankow	\$100 gift card
Gareth Flostrand	\$250 gift card

After member draws were complete a farewell was given to Buddy for his years and service as a director

**Adjournment:**

8:15pm  
Motion to adjourn given by Penny Richardson.

## **President's Report**

Good evening and welcome to the 95th Annual General meeting of the Alberni District Co-operative Association.

Later in the meeting you will be presented with our Financial Report, which will show that we had another successful year and continue to hold a strong financial position.

In keeping with the principles of the Co-operative, we will once again be issuing a Patronage Refund. It was the decision of your Board of Directors that the Net Savings of \$2,533,487 for the year ending December 02, 2023, be distributed as follows.

That a dividend of 3.5% be declared for a total of \$1,099,220.

That members with an equity balance of \$3,500 or more as of December 02, 2023, will receive 100% of the Patronage Refund in cash.

That the balance be paid out at a rate of 90% cash, with the remaining 10% applied to the member's equity.

That a sum of \$1,114,501 be allocated to General Reserve.

As most of you may be aware we purchased the Arlington Hotel in August. We believe this is a great property in a great location, and that it will provide development opportunities as we look for diversification outside of fuel.

Our partnership with Tseshaht First Nation with the Western Nations Tseshaht Market has been in place now close to 18 months and I'm pleased to say it's going very well. Of note, is part way through the year we were asked to take on management duties as they worked their way through a transition period with their staff.

Your Coop donated over \$92,000 to 48 local charities and service organizations in 2023.

With the annual Fuel Good Day, we raised \$3,500 for the Alberni Valley Hospice Society.

In the 2<sup>nd</sup> year of our Community Investment Program, we donated to the following.

- Portal Players Dramatic Society - \$5,000
- Port Alberni Special Olympics - \$5,000
- AV Maritime Society - \$5,000
- Port Alberni Shelter Society - \$5,000
- Bread of Life Centre - \$5,000
- Port Alberni Backpack Program - \$7,500
- Wholesome Meals on Wheels Association - \$10,000
- West Coast General Hospital Foundation - \$15,000

I would also like to thank my fellow Board members for their hard work and commitment over the past year. Board members attended monthly meetings, planning sessions, as well as the Leaders and District Conferences, the Vancouver Island Central Services Co-op AGM, and the Annual General Meeting of Federated Co-operatives.

And, most importantly, on behalf of the Board, I would like to take this opportunity to thank Dave and the staff for their dedication and commitment to the success of our Co-op. They are the ones that make it all happen, and for that we are truly grateful.

Respectfully submitted,

*Neil*

Neil Malbon  
President



## **General Managers Report**

As 2023 has come to a close it is great news to continuously be able to present a positive year financially to our membership. We are always excited to be able to return cash back to our members and over the years we have maintained a pretty consistent return. Your continued support of Alberni Co-op is appreciated, which also allows us to invest back into our community year over year.

I want to start with some recognition of our team members and the years of dedication these individuals have given to the company. We have 3 team members this year we are recognizing tonight, and they are as follows:

Jess Downton - 15 Years

Vince Mellaart – 15 Years

Tyler Roberts – 10 Years

Please help me in giving them a round of applause for their continued dedication.

Our membership has approx. 9200 active members. Considering our population, we have tremendous support locally. We are proud of the things we do in the community and the individuals we are able to employ.

One of the biggest challenges we had last year was working through the road closure due the wildfire. Initially when this emergency hit there was a lot of uncertainty, and no one was really prepared for what was about to happen. We faced challenges right across all our departments and started to formulate a plan to mitigate our risk of running out of fuel. Our drivers did a great job taking the alternate route to Nanaimo to pick up fuel and deliver to our c-stores. There were times our locations were the only ones with regular gas. Our team worked with the ACRD emergency response, ministry of transportation and local businesses to help give feedback on a plan to get goods and services into Port Alberni. It was an interesting experience to go through and shows how fragile we can be when an emergency hits. Want to thank everyone that was involved with working through this challenging time.

In closing I would like to thank the Directors for their guidance over the past year, the Staff for their hard work at making Alberni Co-op successful and the Membership for your continued support. As always, I look forward to 2024 and its challenges that come with it as we continue to grow and evolve. Thank you.

Respectfully Submitted,  
Dave Heinrichs - General Manager

## **Management's Responsibility**

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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 18, 2024



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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 December 2, 2023, 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 December 2, 2023, 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 18, 2024

*MNP LLP*

Chartered Professional Accountants

**Alberni District Co-operative Association**  
**Balance Sheet**  
**For the Year Ended November 30, 2023**

	<b>2023</b>	<b>2022</b>
<b>Current assets</b>		
Cash	\$ 808,287	\$ 1,942,159
FCL special deposit (Note 4(a))	5,657,499	5,369,898
Accounts receivable (Note 6)	2,588,336	2,212,060
Income taxes recoverable	268,379	273,389
Inventories	1,512,072	1,499,542
Prepaid expenses	19,495	23,119
	<u>10,854,068</u>	<u>11,320,167</u>
<b>Investments</b>		
Federated Co-operatives Limited (Note 4(b))	8,411,024	8,012,929
Vancouver Island Central Services Co-operative Association (Note 5)	69,804	65,987
Other organizations	256	252
<b>Property, plant and equipment (Note 7)</b>		
	7,161,588	6,120,363
<b>Intangible assets (Note 8)</b>		
	812,250	735,000
<b>Goodwill</b>		
	2,113,000	2,113,000
<b>Total assets</b>	<b>\$ 29,421,990</b>	<b>\$ 28,367,698</b>
<b>Current liabilities</b>		
Accounts payable and trust liabilities (Note 9)	\$ 3,986,473	\$ 3,805,310
Customer prepaid accounts	58,413	67,358
<b>Total liabilities</b>	<u>4,044,886</u>	<u>3,872,668</u>
<b>Members' equity</b>		
Share capital (Note 10)	3,614,280	3,921,580
Reserves and retained savings (Note 11)	21,762,824	20,573,450
	<u>25,377,104</u>	<u>24,495,030</u>
<b>Total liabilities and members' equity</b>	<b>\$ 29,421,990</b>	<b>\$ 28,367,698</b>

Subsequent events (Note 17)  
 Commitments (Note 18)

Approved on behalf of the Board of Directors

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 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, 2023**

	<b>2023</b>	<b>%</b>	<b>2022</b>	<b>%</b>
<b>Sales</b> (Note 12)	\$ 48,282,885	100.0	\$ 51,188,915	100.0
<b>Cost of goods sold</b>	<u>43,840,208</u>	<u>90.8</u>	<u>46,301,560</u>	<u>90.5</u>
<b>Gross margin</b>	<u>4,442,677</u>	<u>9.2</u>	<u>4,887,355</u>	<u>9.5</u>
<b>Expenses</b>				
Operating and administration	4,724,253	9.8	4,520,375	8.8
Net interest (Note 13)	<u>(455,952)</u>	<u>(0.9)</u>	<u>(208,904)</u>	<u>(0.4)</u>
	<u>4,268,301</u>	<u>8.9</u>	<u>4,311,471</u>	<u>8.4</u>
<b>Savings from operations</b>	<u>174,376</u>	<u>0.3</u>	<u>575,884</u>	<u>1.1</u>
FCL loyalty program (Note 4(d))	944,538	2.0	968,328	1.9
Patronage refunds	<u>1,414,568</u>	<u>2.9</u>	<u>1,231,488</u>	<u>2.4</u>
<b>Savings before income taxes</b>	2,533,482	5.2	2,775,700	5.4
Income tax expense (Note 16)	<u>244,405</u>	<u>0.5</u>	<u>261,304</u>	<u>0.5</u>
<b>Net savings</b>	<u><b>\$ 2,289,077</b></u>	<u><b>4.7</b></u>	<u><b>\$ 2,514,396</b></u>	<u><b>4.9</b></u>
<b>Retained savings, beginning of year</b>	<b>\$ -</b>		<b>\$ -</b>	
Net savings	2,289,077		2,514,396	
Transfer to general reserve (Note 11)	(1,189,883)		(982,546)	
Patronage allocation to members (Note 10)	<u>(1,099,194)</u>		<u>(1,531,850)</u>	
<b>Retained savings, end of year</b> (Note 11)	<u><b>\$ -</b></u>		<u><b>\$ -</b></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, 2023**

	<b>2023</b>	<b>2022</b>
<b>Operating activities</b>		
Net savings	\$ 2,289,077	\$ 2,514,396
Adjustments for:		
Depreciation and amortization	497,490	521,851
FCL patronage refund	(1,404,302)	(1,223,942)
VICSCA patronage refund	(10,261)	(7,545)
Loss on the disposal of property, plant and equipment	-	(1,247)
Changes in non-cash operating working capital:		
Accounts receivable	(376,276)	(533,922)
Income taxes recoverable	5,010	579,151
Inventories	(12,530)	(257,357)
Prepaid expenses	3,624	(1,059)
Accounts payable and trust liabilities	181,163	1,006,052
Customer prepaid accounts	(8,945)	(2,481)
Cash provided by operating activities	<u>1,164,050</u>	<u>2,593,897</u>
<b>Investing activities</b>		
Redemption of FCL shares	1,006,207	847,836
Redemption of VICSCA shares	6,444	7,796
Additions to property, plant and equipment	(1,525,965)	(144,449)
Proceeds from the disposal of property, plant and equipment	-	2,100
Additions to other assets	(90,000)	-
Investment in other organization	(4)	(3)
Cash provided by (used for) investing activities	<u>(603,318)</u>	<u>713,280</u>
<b>Financing activities</b>		
Share capital issued	4,210	5,290
GST on allocation	60,354	52,535
Redemption of share capital	(1,471,567)	(1,103,184)
Cash used for financing activities	<u>(1,407,003)</u>	<u>(1,045,359)</u>
<b>Net increase (decrease) in cash</b>	<b>(846,271)</b>	<b>2,261,818</b>
<b>Cash, beginning of year</b>	<b><u>7,312,057</u></b>	<b><u>5,050,239</u></b>
<b>Cash, end of year</b>	<b><u>\$ 6,465,786</u></b>	<b><u>\$ 7,312,057</u></b>
Cash is comprised of:		
Cash	\$ 808,287	\$ 1,942,159
FCL special deposit	5,657,499	5,369,898
	<b><u>\$ 6,465,786</u></b>	<b><u>\$ 7,312,057</u></b>

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, 2023**

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**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, intangible 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.

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



**Alberni District Co-operative Association**  
**Notes to the Financial Statements**  
**For the Year Ended November 30, 2023**

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(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 savings.

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 savings 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	15 - 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.

**(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.



# Alberni District Co-operative Association

## Notes to the Financial Statements For the Year Ended November 30, 2023

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### (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 assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is taken over the estimated useful lives of the assets using the following methods and rates once the intangible asset is functional:

Petroleum contract	Straight-line	10 years
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Indefinite life intangible assets are not amortized.

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.

## 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 (2022 - no significant exposure to any one individual customer).

### (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.



# Alberni District Co-operative Association

## Notes to the Financial Statements For the Year Ended November 30, 2023

### 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, 2023, the Co-operative purchased goods amounting to \$33,225,866 (2022 - \$35,500,036) 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:

	2023	2022
Opening investment balance	\$ 8,012,929	\$ 7,636,823
Patronage refund	1,404,302	1,223,942
Share redemptions	<u>(1,006,207)</u>	<u>(847,836)</u>
Closing investment balance	<u>\$ 8,411,024</u>	<u>\$ 8,012,929</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.

### 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 2023, the Co-operative purchased goods amounting to \$282,525 (2022 - \$236,220) 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:

	2023	2022
Opening investment balance	\$ 65,987	\$ 66,238
Patronage refund	10,261	7,545
Share redemptions	<u>(6,444)</u>	<u>(7,796)</u>
Closing investment balance	<u>\$ 69,804</u>	<u>\$ 65,987</u>



## Alberni District Co-operative Association

### Notes to the Financial Statements For the Year Ended November 30, 2023

#### 6. Accounts Receivable

	2023	2022
Customer accounts receivable	\$ 1,497,132	\$ 1,910,092
Other accounts receivable	1,112,104	319,568
Allowance for doubtful accounts	<u>(20,900)</u>	<u>(17,600)</u>
	<u>\$ 2,588,336</u>	<u>\$ 2,212,060</u>

#### 7. Property, plant and equipment

	Original Cost	Accumulated Depreciation	2023 Book Value	2022 Book Value
Land	\$ 2,212,988	\$ -	\$ 2,212,988	\$ 1,169,487
Buildings	3,652,625	1,406,103	2,246,522	2,094,833
Pavement	715,442	340,722	374,720	407,124
Tanks & fittings	957,013	660,824	296,189	337,694
Furniture & equipment	3,299,763	2,281,298	1,018,465	1,103,024
Vehicles	943,758	867,851	75,907	105,848
Fence	14,105	11,819	2,286	2,540
Under Construction	<u>934,511</u>	<u>-</u>	<u>934,511</u>	<u>899,813</u>
	<u>\$ 12,730,205</u>	<u>\$ 5,568,617</u>	<u>\$ 7,161,588</u>	<u>\$ 6,120,363</u>

Depreciation for the current year included in operating and administration expense was \$484,740 (2022 - \$521,851).

#### 8. Intangible assets

	Original Cost	Accumulated Amortization	2023 Book Value	2022 Book Value
Liquor license	\$ 735,000	\$ -	\$ 735,000	\$ 735,000
Petroleum contract	<u>90,000</u>	<u>12,750</u>	<u>77,250</u>	<u>-</u>
	<u>\$ 825,000</u>	<u>\$ 12,750</u>	<u>\$ 812,250</u>	<u>\$ 735,000</u>

Liquor license has an indefinite life.

Petroleum contract with a definite life is amortized on a straight line basis over 10 years. Amortization for the current year end included in operating and administration expenses was \$12,750 (2022 - \$nil).

#### 9. Accounts payable and trust liabilities

	2023	2022
FCL payables	\$ 3,553,516	\$ 3,440,724
Other payables	391,608	313,020
Trust liabilities:		
Payroll deductions	-	15,255
Provincial sales tax	<u>41,349</u>	<u>36,311</u>
	<u>\$ 3,986,473</u>	<u>\$ 3,805,310</u>



## Alberni District Co-operative Association

### Notes to the Financial Statements For the Year Ended November 30, 2023

#### 10. Share capital

	<b>2023</b>	2022
Authorized, unlimited @ \$10		
Balance, beginning of year	\$ 3,921,580	\$ 3,433,071
Allocation to members	1,099,194	1,531,850
Cash from new members	4,210	5,290
GST on allocation	60,354	52,535
Shares transferred from reserves	509	2,028
	<u>5,085,847</u>	<u>5,024,774</u>
General repayment	1,174,124	885,881
Shares transferred to reserves	-	10
Withdrawals and retirements	152,108	120,401
Withholding tax	145,335	96,902
	<u>1,471,567</u>	<u>1,103,194</u>
Balance, end of year	<u>\$ 3,614,280</u>	<u>\$ 3,921,580</u>

#### 11. Reserves and retained savings

	<b>Statutory Reserve</b>	<b>General Reserve</b>	<b>Retained Savings</b>	<b>2023</b>	2022
Balance, beginning of year	\$ 282,138	\$ 20,291,312	\$ -	\$ 20,573,450	\$ 19,592,922
Net savings distributed to retained savings	-	-	2,289,077	2,289,077	2,514,396
Patronage allocation	-	-	(1,099,194)	(1,099,194)	(1,531,850)
Shares transferred	(509)	-	-	(509)	(2,018)
Reserve transfers	<u>-</u>	<u>1,189,883</u>	<u>(1,189,883)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 281,629</u>	<u>\$ 21,481,195</u>	<u>\$ -</u>	<u>\$ 21,762,824</u>	<u>\$ 20,573,450</u>

#### 12. Sales

	<b>2023</b>	2022
Beaver Creek Petroleum	\$ 19,673,885	\$ 20,402,629
Beaver Creek C-Store	6,985,566	7,725,147
Johnston Road C-Store	8,289,880	8,957,580
Furnace Maintenance	98,710	169,091
10th Ave C-Store	8,905,516	9,647,879
Johnston Road Liquor	4,329,328	4,286,589
	<u>\$ 48,282,885</u>	<u>\$ 51,188,915</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 (2022 - no one single customer accounted for more than 10% of sales).



**Alberni District Co-operative Association**  
**Notes to the Financial Statements**  
**For the Year Ended November 30, 2023**

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**13. Net interest**

	<b>2023</b>	<b>2022</b>
Interest revenue	<u>(455,952)</u>	<u>(208,904)</u>
	<u>\$ (455,952)</u>	<u>\$ (208,904)</u>

**14. Lease to others**

The Co-operative leases property, plant and equipment to others. The lease is classified as an operating lease and rental revenues are included in operating and administration expenses. At year end the cost of the property, plant and equipment held for leasing purposes was \$271,310 (2022 - \$nil) and the accumulated depreciation was \$18,087 (2022 - \$nil). Revenue generated from operating leases during the year is \$14,600 (2022 - \$nil).

**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 \$79,306 (2022 - \$73,483) 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:

	<b>2023</b>	<b>2022</b>
Savings before income taxes	\$ 2,533,482	\$ 2,775,700
Expected income tax expense at the combined tax rate of 20.9% (2022 - 27.0%) net of the small business deduction	531,271	749,439
Increase (decrease) in income tax expense resulting from:		
Non-taxable income and non-deductible expense	823	183
Deferral of patronage income inclusion	(38,391)	(53,816)
Patronage allocation to members of \$1,099,194 (2022- \$1,531,850)	(230,501)	(413,600)
Income or expenses claimed in different periods for income tax purposes:		
Capital cost allowance in excess of depreciation	(19,427)	(20,902)
Other items that impact income taxes:		
Prior year tax adjustment	<u>630</u>	<u>-</u>
Income tax expense	<u>\$ 244,405</u>	<u>\$ 261,304</u>



**Alberni District Co-operative Association**  
**Notes to the Financial Statements**  
**For the Year Ended November 30, 2023**

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**17. Subsequent events**

**(a) Patronage allocation to members**

Subsequent to November 30, 2023 the Board of Directors approved a patronage allocation to members in the amount of \$1,099,194 (2022 - \$1,531,850).

**(b) Share redemption**

Subsequent to November 30, 2023 the Board of Directors approved a redemption of shares in the amount of \$851,972 (2022 - \$1,174,711).

**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 \$7,600,000 of which \$934,511 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:

2024	103,476
2025	105,897
2026	106,502
2027	26,626
	<hr/>
	\$ 342,501
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**Alberni District Co-operative Association**  
**Directors and Officers**  
**For the Year Ended November 30, 2023**

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<u>Position</u>	<u>Name</u>	<u>Address</u>	<u>Year Term Expires</u>
President	Neil Malbon	Port Alberni, BC	2025
Vice President	Penny Richardson	Port Alberni, BC	2024
Secretary	Ray Dol	Port Alberni, BC	2024
Director	David Wiwchar	Port Alberni, BC	2026
Director	Jim Creighton	Port Alberni, BC	2025



