



ANNUAL REPORT

Alberni District Co-operative Association
93rd Annual General Meeting
For the year ending November 27th, 2021
Held on April 28, 2022

Agenda

1. Call to Order and Introduction
2. Notice of Meeting **(page 3)**
3. Minutes of the 92nd Annual General Meeting **(page 4-6)**
4. Business arising from the minutes
5. Reports
 - a) Directors **(page 7-8)**
 - b) General Manager **(page 9)**
 - c) Auditor/Financial **(page 10-26)**
6. Discussion and Adoption of reports
7. Appointment of Auditors for 2022
8. FCL Report
9. Election of Directors **(page 27-29)**
10. New Business or Other Business
11. Special Business **(page 30)**
 - a. Special Resolution – Directors – Qualifications for Director
12. Awards Presentations and Announcement
13. Oath of Office
14. Member Draws
15. Adjournment

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Alberni

Notice

Alberni Co-op

Annual General Meeting

- **Agenda**
- **Board of Directors Report**
- **Managers' Report**
- **Auditors Report**
- **Election of Directors**
- **Special Resolution**

Special Resolution:

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.

Place: Barclay Best Western Hotel

Meeting Time: 7:00pm

Thursday April 28, 2022

***Minutes of the 92nd Annual General Meeting
For the year ending November 28th, 2020.***

Call to Order: President Neil Malbon calls the 92nd AGM to order at 2:02 p.m. on June 05, 2021. President Neil Malbon introduced the Board, Management, and guests (MNP, Cory Vanderhorst and IT host Julian Ling.)

21 members registered and 2 guests.

**Previous Year
Minutes:**

Minutes for the 91st Annual General Meeting are read by Secretary Ray Dol.

Neil Malbon asked for a motion that the Minutes of the 91st Annual General Meeting be accepted as presented.

Moved by: Jim Creighton
Seconded by: Ray Dol
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:

No FCL report

Neil Malbon asked for a motion to accept the presidents report, general managers' report, and the 2020 Audited Financial Statement as presented by MNP.

Moved by: Jim Creighton
Seconded by: Diena Tyne
Carried

Appointment of Auditors:

Neil Malbon asked to have a motion for Meyers Norris & Penny to be appointed as auditors for year 2021.

Moved by: Jim Creighton
Seconded by: Ray Dol
Carried

Election of Directors:

There were 2 seats available for the election of directors, Ray Dol and Penny Richardson were up for election. There were 3 nominations for the 2 seats, Ray Dol, Pat O'Connell, and Penny Richardson. Speeches were given by the 3 nominations and a vote was then carried out by a virtual poll and counted by the IT Host Julian Ling. The successful recipients were Ray Dol and Penny Richardson. Thanks to Pat for letting his name stand.

Neil Malbon asked for a motion to destroy the ballots.

Moved by: Jim Creighton
Seconded by: Ray Dol
Carried

New Business:

Question from the floor came forward as to how many members we have. Dave Heinrichs answered and mentioned we have approx. 10,000 members and out of those about 8,000 are active. Question from the floor was asked regarding FCL's new loyalty program. Dave Heinrichs spoke to the change that has taken place and explained how the new loyalty program works, such as buying commitment to FCL to qualify, a set cents per liter given back 4 times throughout the year based on fuel purchases. Question from the floor came forward asking how much the liquor store investment was and how it was doing so far. Dave Heinrichs spoke to the investment cost and referred to the Balance sheet for those numbers and gave a brief overview of how the liquor store was starting out since the purchase.

Oath of Office:

To be completed at first board meeting after the AGM.

Adjournment:

2:55 p.m.

Motion to adjourn given by Jim Creighton.

2021 President's Report

Good evening and welcome to the 93rd 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, despite the pandemic, we had a successful year, bouncing back from the 2020 downturn and continuing to hold a strong financial position.

In keeping with the principles of a Co-op, we will once again be issuing a Patronage Dividend. It was the decision of your Board of Directors that the Net Savings for the year ending November 30th, 2021, be distributed as follows.

That a Patronage Dividend of 4.5% be declared for a total of \$1,144,667.

That 100% of the Patronage Refund be paid out in cash to members with an equity balance of \$3,500 as of November 30th, 2021.

That the balance of the Patronage Dividend be paid out at a rate of 90% cash with the remaining 10% being applied to the Member's Equity.

That the balance of the Net Savings, a sum of \$1,394,169, be allocated to General Reserve.

A couple of highlights from 2021 that are worth mentioning.

Johnston Road C-Store renovations were completed in May 2021, which saw a \$1.2 million major rebuild with a new building wrap, signage, as well as a complete remodelling of the interior.

Alberni District Liquor, purchased in October 2020, has already achieved our Year 8 sales forecast. And while we most likely benefited from the pandemic related increase in liquor sales. I

would say that equally important was the fact that the Alberni District Co-op, introduced a new business line for our members. Combined with our service excellence, patronage, and community investment, Alberni District Liquor will be a significant and important part of our future going forward

Alberni District Co-op believes strongly in supporting our community. Once again, we participated in Fuel Good Day raising \$3,500 for Portal Players. As well, we donated over \$42,000 to local charities and service organization. Of which, there were several significant donations – including \$7,500 to the Bread of Life Centre, \$5,000 for the West Coast General Hospital Foundation, \$5,000 to the Canadian Red Cross, and \$5,000 to AV Minor Hockey.

It also gives me great pleasure to formally welcome the most recent additions to our Co-op Management Team – Chris Zweep our HR Manager whom we share with Ucluelet Co-op, Dan McLaren our Petroleum Manager and Paulette Schwartz our Liquor Manager.

I would also like to personally 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 Regional Conferences, the Vancouver Island Central Services Co-op AGM, and the Annual General Meeting of Federated Co-ops.

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 Malbon
Your Board President

General Managers Report

As 2021 has come to a close we are happy to be able to meet in person again. Virtual meetings are an effective way to get information out but there's something to be said about meeting in person. As we maintained a positive year financially, we are always excited to be able to return cash back to our members. Your continued support in the Co-op model is why we are able to keep putting money back in your pockets and allows us to invest back into our community year over year.

As mentioned, we completed our reno at our JR C-Store and encourage you to pop in and see the improvement. We are continuing to promote our liquor store as we have only been in the business for just over a year. As we were not able to label the store as a Co-op, we are working towards bringing the awareness to our community that Alberni District Liquor is also Alberni Co-op. It has been a great investment for us as we will have our first year of giving patronage back to our members on their liquor purchases. As noted in Neil's report our patronage return was 4.5%. That return also applies to your liquor purchases. While I'm on the topic of promoting our fine Co-op establishment I should make mention that our Petroleum Manager Dan has also invested in some fuel tanks to lease. You may have noticed one sitting right beside our c-store on Johnston Road with a big Lease Me sign on it, so if you happen to know anyone looking to lease a fuel tank don't hesitate to reach out to him. We will always continue looking for new opportunities and work at capitalizing on them if they are right for our Co-op. Our goal is to remain relevant and ensure we are here for future generations.

The last note worthy item that we want to bring attention to is our partnership with Tseshaht Market. Earlier this year we were awarded the supply contract for fuel with Tseshaht, and we couldn't be happier to be able to partner with someone local.

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. I look forward to 2022 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

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 19, 2022



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, 2021, 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, 2021, 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 19, 2022

MNP LLP

Chartered Professional Accountants


Alberni District Co-operative Association
Balance Sheet
As at November 30, 2021


	2021	2020
Current assets		
Cash and cash equivalents	\$ 1,564,199	\$ 1,952,078
FCL special deposit (Note 4(a))	3,486,040	4,546,246
Accounts receivable	1,199,531	838,883
- Customer (Note 6)	478,607	488,169
- Other	852,540	-
Income taxes recoverable	1,242,185	990,015
Inventories	22,060	33,832
Prepaid expenses	<u>8,845,162</u>	<u>8,849,223</u>
Investments		
Federated Co-operatives Limited (Note 4(b))	7,636,823	6,798,597
Vancouver Island Central Services Co-operative Association (Note 5)	66,238	61,932
Other organizations	249	249
Property, plant and equipment (Note 7)		
	6,498,618	5,010,663
Intangible asset (Note 8)		
	735,000	735,000
Goodwill (Note 9)		
	2,113,000	2,113,000
Total assets	<u>\$ 25,895,090</u>	<u>\$ 23,568,664</u>
Current liabilities		
Accounts payable and trust liabilities (Note 10)	2,799,258	2,295,339
Income taxes payable	-	170,818
Customer prepaid accounts	69,839	84,893
Total liabilities	<u>2,869,097</u>	<u>2,551,050</u>
Members' equity		
Share capital (Note 11)	3,433,071	2,865,269
Reserves and retained savings (Note 12)	19,592,922	18,152,345
	<u>23,025,993</u>	<u>21,017,614</u>
Total liabilities and members' equity	<u>\$ 25,895,090</u>	<u>\$ 23,568,664</u>

Subsequent events (Note 19)

Commitments (Note 20)

Approved on behalf of the Board of Directors


 NEIL MALBON (Apr 19, 2022 18:55 PDT)
 Director


 Ray Dol (Apr 19, 2022 19:22 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, 2021

	2021	%	2020	%
Sales (Note 13)	\$ 36,224,510	100.0	\$ 24,300,902	100.0
Cost of goods sold	<u>31,750,609</u>	<u>87.6</u>	<u>20,898,813</u>	<u>86.0</u>
Gross margin	<u>4,473,901</u>	<u>12.4</u>	<u>3,402,089</u>	<u>14.0</u>
Expenses				
Operating and administration	3,891,207	10.7	2,846,754	11.7
Net interest (Note 15)	<u>(91,702)</u>	<u>(0.3)</u>	<u>(177,284)</u>	<u>(0.7)</u>
	<u>3,799,505</u>	<u>10.4</u>	<u>2,669,470</u>	<u>11.0</u>
Savings from operations	<u>674,396</u>	<u>2.0</u>	<u>732,619</u>	<u>3.0</u>
FCL loyalty program (Note 4(d))	873,223	2.4	749,818	3.1
Patronage refunds	<u>1,032,169</u>	<u>2.8</u>	<u>46,418</u>	<u>0.2</u>
Savings before income taxes	2,579,788	7.2	1,528,855	6.3
Income tax expense (Note 17)	<u>58,818</u>	<u>0.2</u>	<u>755,571</u>	<u>3.1</u>
Net savings	<u>\$ 2,520,970</u>	<u>7.0</u>	<u>\$ 773,284</u>	<u>3.2</u>
Retained savings, beginning of year	\$ -		\$ -	
Net savings	2,520,970		773,284	
Transfer to general reserve (Note 12)	(1,376,445)		(231,244)	
Patronage allocation to members (Note 11)	<u>(1,144,525)</u>		<u>(542,040)</u>	
Retained savings, end of year (Note 12)	<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, 2021

	2021	2020
Operating activities		
Net savings	\$ 2,520,970	\$ 773,284
Adjustments for:		
Depreciation	578,798	548,182
FCL patronage refund	(1,021,915)	(40,536)
VICSCA patronage refund	(10,253)	(5,880)
Loss on the disposal of property, plant and equipment	9,707	-
Changes in non-cash operating working capital:		
Accounts receivable	(351,084)	(21,415)
Income taxes recoverable	(852,540)	183,132
Inventories	(252,170)	(235,718)
Prepaid expenses	11,772	56,434
Accounts payable and trust liabilities	503,919	160,743
Income taxes payable	(170,818)	170,818
Customer prepaid accounts	(15,054)	83,597
Cash provided by operating activities	<u>951,332</u>	<u>1,672,641</u>
Investing activities		
Redemption of FCL shares	183,689	1,437,540
Redemption of VICSCA shares	5,947	4,497
Additions to property, plant and equipment	(2,076,460)	(619,887)
Additions to intangible asset	-	(735,000)
Additions to goodwill	-	(2,113,000)
Investment in other organization	(2)	(3)
Cash used for investing activities	<u>(1,886,826)</u>	<u>(2,025,853)</u>
Financing activities		
Share capital issued	4,960	3,020
GST on allocation	23,631	46,379
Redemption of share capital	(541,182)	(1,078,360)
Cash used for financing activities	<u>(512,591)</u>	<u>(1,028,961)</u>
Net decrease in cash and cash equivalents	(1,448,085)	(1,382,173)
Cash and cash equivalents, beginning of year	<u>6,498,324</u>	<u>7,880,497</u>
Cash and cash equivalents, end of year	<u>\$ 5,050,239</u>	<u>\$ 6,498,324</u>
Cash and cash equivalents are comprised of:		
Cash and cash equivalents	\$ 1,564,199	\$ 1,952,078
FCL special deposit	3,486,040	4,546,246
	<u>\$ 5,050,239</u>	<u>\$ 6,498,324</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, 2021

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) Investments

The Co-operative's investments are accounted for using the cost method. Accordingly, the investments are recorded at acquisition cost, less any provisions for permanent impairment or adjustments for patronage refunds or share redemptions. All transactions with FCL are disclosed in a separate note (Note 4).



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2021

(e) Financial instruments

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at amortized cost, unless management has elected to carry the instruments at fair value. The Co-operative has not elected to carry any such financial instruments at fair value. Financial instruments, which are subsequently measured at amortized cost, are adjusted by transaction and financing costs incurred on acquisition.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Co-operative determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Co-operative could realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) 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.

(g) 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.

(h) 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, 2021

(i) 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.

(j) 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.

(k) 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.

(l) Business combinations

Business combinations are accounted for using the acquisition method. The application of this method requires certain estimates and assumptions especially concerning the determination of the fair value of the acquired intangible assets, property, plant and equipment, as well as the liabilities assumed at the date of the acquisition, based on information available at that date.

At the acquisition date, the Co-operative recognizes, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the subsidiary. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values. Any non-controlling interest in a subsidiary is measured either at fair value or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets.

(m) 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.



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2021

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.

(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, 2021, the Co-operative purchased goods amounting to \$21,848,566 (2020 - \$15,202,772) 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:

	2021	2020
Opening investment balance	\$ 6,798,597	\$ 8,195,601
Patronage refund	1,021,915	40,536
Share redemptions	<u>(183,689)</u>	<u>(1,437,540)</u>
Closing investment balance	<u>\$ 7,636,823</u>	<u>\$ 6,798,597</u>



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2021

(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 2021, the Co-operative purchased goods amounting to \$212,840 (2020 - \$153,852) 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:

	2021		2020
Opening investment balance	\$ 61,932	\$	60,549
Patronage refund	10,253		5,880
Share redemptions	<u>(5,947)</u>	<u>\$</u>	<u>(4,497)</u>
Closing investment balance	<u>\$ 66,238</u>	<u>\$</u>	<u>61,932</u>

6. Accounts receivable - customer

Shown net of an allowance for doubtful accounts of \$900 (2020 - nil).



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2021

7. Property, plant and equipment

	Original Cost	Accumulated Depreciation	2021 Book Value	2020 Book Value
Land	\$ 1,169,487	\$ -	\$ 1,169,487	\$ 1,135,144
Buildings	3,381,315	1,185,587	2,195,728	1,368,973
Pavement	715,442	273,104	442,338	480,606
Tanks & fittings	871,064	581,797	289,267	321,407
Furniture & equipment	3,114,084	1,719,081	1,395,003	1,372,505
Vehicles	959,258	810,420	148,838	209,409
Fence	14,105	11,283	2,822	3,136
Under Construction	855,135	-	855,135	119,483
	<u>\$ 11,079,890</u>	<u>\$ 4,581,272</u>	<u>\$ 6,498,618</u>	<u>\$ 5,010,663</u>

Depreciation for the current year included in operating and administration expense was \$578,798 (2020 - \$548,182).

8. Intangible asset

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

9. Goodwill

The changes in the carrying amount of goodwill for the current year are as follows:

	2021	2020
Balance, beginning of year	\$ 2,113,000	\$ -
Additions to goodwill	-	2,113,000
Balance, end of year	<u>\$ 2,113,000</u>	<u>\$ 2,113,000</u>

10. Accounts payable and trust liabilities

	2021	2020
FCL payables	\$ 2,452,276	\$ 1,882,119
Other payables	307,908	369,793
Trust liabilities:		
Goods and services tax	11,895	20,795
Provincial sales tax	27,179	22,632
	<u>\$ 2,799,258</u>	<u>\$ 2,295,339</u>



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2021

11. Share capital

Authorized, unlimited @ \$10	2021	2020
Balance, beginning of year	\$ 2,865,269	\$ 3,347,728
Allocation to members	1,144,525	542,040
Cash from new members	4,960	3,020
GST on allocation	23,631	46,379
Shares transferred from reserves	5,536	4,565
	<u>4,043,921</u>	<u>3,943,732</u>
General repayment	418,355	855,654
Shares transferred to reserves	69,668	103
Withdrawals and retirements	91,714	129,326
Withholding tax	31,113	93,380
	<u>610,850</u>	<u>1,078,463</u>
Balance, end of year	<u>\$ 3,433,071</u>	<u>\$ 2,865,269</u>

12. Reserves and retained savings

	Statutory Reserve	General Reserve	Retained Savings	2021	2020
Balance, beginning of year	\$ 220,024	\$ 17,932,321	\$ -	\$ 18,152,345	\$ 17,925,563
Net savings distributed to retained savings	-	-	2,520,970	2,520,970	773,284
Patronage allocation	-	-	(1,144,525)	(1,144,525)	(542,040)
Shares transferred	64,132	-	-	64,132	(4,462)
Reserve transfers	<u>-</u>	<u>1,376,445</u>	<u>(1,376,445)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 284,156</u>	<u>\$ 19,308,766</u>	<u>\$ -</u>	<u>\$ 19,592,922</u>	<u>\$ 18,152,345</u>



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2021

13. Sales

	2021	2020
Beaver Creek Petroleum	\$ 11,793,129	\$ 7,956,714
Beaver Creek C-Store	6,428,054	4,951,431
Johnston Road C-Store	6,425,070	5,525,215
Furnace Maintenance	254,943	308,974
10th Ave C-Store	7,536,992	5,345,244
Johnston Road Liquor	<u>3,786,322</u>	<u>213,324</u>
	<u>\$ 36,224,510</u>	<u>\$ 24,300,902</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.

14. 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 \$145,193 (2020 - \$400,887) which has been reflected as a reduction to operating and administration expenses.

15. Net interest

	2021	2020
Interest revenue	<u>(91,702)</u>	<u>(177,284)</u>
	<u>\$ (91,702)</u>	<u>\$ (177,284)</u>

16. 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 \$76,315 (2020 - \$68,451) of expense relating to the plan. There were no significant changes to the rate of employer contributions during the year.



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2021

17. 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:

	2021	2020
Savings before income taxes	\$ 2,579,788	\$ 1,528,855
Expected income tax expense at the combined tax rate of 27.0% (2020 - 24.9%) net of the small business deduction	696,543	378,821
Increase (decrease) in income tax expense resulting from:		
Non-taxable income and non-deductible expense	2,790	259
Deferral of patronage income inclusion	(266,153)	583,889
Patronage allocation to members of \$1,144,550 (2020 - \$542,040)	(309,029)	(134,307)
Income or expenses claimed in different periods for income tax purposes:		
Capital cost allowance in excess of depreciation	(65,333)	(73,091)
Income tax expense	\$ 58,818	\$ 755,571

18. Economic conditions

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Co-operative's operations were impacted by COVID-19 due to increased customer demand in some circumstances as well as supply chain disruptions. The impact of COVID-19 has been partially offset by available government programs for which the Co-operative was eligible. The future impact the COVID-19 outbreak may have on the Co-operative is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence.

19. Subsequent events

(a) Patronage allocation to members

Subsequent to November 30, 2021 the Board of Directors approved a patronage allocation to members in the amount of \$1,144,550 (2020 - \$542,040).

(b) Share redemption

Subsequent to November 30, 2021 the Board of Directors approved a redemption of shares in the amount of \$885,881 (2020 - \$422,252).



Alberni District Co-operative Association
Notes to the Financial Statements
For the Year Ended November 30, 2021

20. 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 \$855,135 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:

2022	\$	98,030
2023		101,056
2024		103,476
2025		105,897
2026		106,502
Subsequent payments		<u>26,626</u>
	<u>\$</u>	<u>541,587</u>



Alberni District Co-operative Association
Directors and Officers
For the Year Ended November 30, 2021

<u>Position</u>	<u>Name</u>	<u>Address</u>	<u>Year Term Expires</u>
President	Neil Malbon	Port Alberni, BC	2022
Vice President	Jim Creighton	Port Alberni, BC	2022
Secretary	Ray Dol	Port Alberni, BC	2024
Director	Buddy Hamilton	Port Alberni, BC	2023
Director	Penny Richardson	Port Alberni, BC	2024





4885 Beaver Creek Road
Port Alberni, B.C
Canada
V9Y 7E1

Phone Number: 250.723.2831
Fax Number: 250.723.0324
Email: gm@adcoop.ca
www.adcoop.ca



**Statement of Willingness to
Stand for Nomination to
The Board of Directors of
Alberni District Co-operative Association**

Date: March 16, 2022

I, David Wiwchar being a member in good standing of Alberni District Co-operative Association, do wish my name to stand in nomination for the position of Director at the next Annual General Meeting of the Association. I certify that I am eligible and qualified to serve on the Alberni Co-op Board of Directors, and consent to a confidential personal credit check to be performed by Alberni Co-op as part of the qualification process.

Name: David Wiwchar

Address: 4545 Argyle St
Port Alberni BC V9Y 1W3

Co-op Membership Number: 7261

Telephone Number: (250) 731 4728

Email Address: dpwischar@gmail.com

Signature:

Nominated By: Name: Wanda Keene Member#: 8262

Seconded By: Name: ~~Bob Patoka~~ Peter Lenihan Member#: 5108

A current Police Information Check (PIC), a completed BC LCRB Personal History Summary form need to be submitted with your nomination form.

Every Director must be a member of the Association and hold the number of shares necessary to qualify for membership. Complete qualifications for a Director are available on the back of this form or in the Rules of the Association Part 13 Section 76.



Alberni District Co-operative

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**Statement of Willingness to
Stand for Nomination to
The Board of Directors of
Alberni District Co-operative Association**

Date: Feb 25, 2022

I, Jim Creighton being a member in good standing of
Alberni District Co-operative Association, do wish my name to stand in nomination
for the position of Director at the next Annual General Meeting of the Association.

Name: Jim Creighton

Address: 4645 Redford Street, Port Alberni, V9Y3P7

Co-op Membership Number:
11242

Telephone Number: 250-720-3209

Email Address:
jr.creighton@gmail.com

Signature: 

Nominated By: Name: Neil Malton Member#: 10381

Seconded By: Name: Julie Buck Member#: 004377

Every Director must be a member of the Association and hold the number of shares necessary to qualify for membership. Complete qualifications for a Director are available on the back of this form or in the Rules of the Association Part 13 Section 76.



Alberni District Co-operative

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Fax Number: 250.723.0324
Email: gm@adcoop.ca
www.adcoop.ca



Statement of Willingness to Stand for Nomination to The Board of Directors of Alberni District Co-operative Association

Date: March 6/22

I, Neil Malbon being a member in good standing of Alberni District Co-operative Association, do wish my name to stand in nomination for the position of Director at the next Annual General Meeting of the Association.

Name: Joseph Neil Malbon

Address: 6035 Cottam Rd
Port Alberni, V9Y 8R9

Co-op Membership Number: 10381

Telephone Number: 250-724-7392

Email Address: jmalbon@shaw.ca

Signature: Neil Malbon

Nominated By: Name: Jim Creighton Member#: 11424

Seconded By: Name: Dwight Annette Member#: 5631

Every Director must be a member of the Association and hold the number of shares necessary to qualify for membership. Complete qualifications for a Director are available on the back of this form or in the Rules of the Association Part 13 Section 76.

R1 – Directors – Qualifications for Directors

“Special Resolution”

Board of Directors

Majority – 66.66%+

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.

