



# **ANNUAL REPORT**



**SWAN VALLEY CONSUMERS COOPERATIVE LIMITED  
ANNUAL MEETING AGENDA  
June 5<sup>th</sup>, 2023**

- Call to Order
- Chair's Opening Remarks
- Approval of Agenda
- Motion to extend speaking privileges to visitors
- Minutes of the last Annual Meeting
- Business Arising from the Minutes
- Auditor's Report and Financial Statements – Candace Turchinski, MNP
- Appointment of Auditors
- Nominating Committee Report
- Board President's Report
- General Manager's Report
- FCL Delegate's Report
- New Business
- Service Awards
- Question Period
- Prize Draws
- Adjournment





## **Summary of the Minutes of the 83<sup>rd</sup> Annual Meeting of Swan Valley Consumers Cooperative Limited**

At 7:30pm on May 17<sup>th</sup>, 2023, President Larry TerHorst called the Annual Meeting to order. President TerHorst began with a Treaty 4 land acknowledgement and confirmed a quorum of members present for the meeting. He then welcomed everyone to our 83<sup>rd</sup> Annual Meeting which was held in person and introduced participating board and management in attendance. He also requested that those in attendance observe a moment of silence in remembrance of the lives of cooperators who have passed on.

Sharon Alford – John Sandborn: Motion that we accept the Agenda as printed.

CD

Don Hagman – Jessica Lacasse: Motion that we extend speaking privileges to visitors.

CD

President TerHorst asked if there were any questions regarding the Minutes of the last Annual Meeting and ensured that everyone had an opportunity to read through the summary.

Lorne Shevernoha – Ed Cotton: Motion that we approve the minutes as circulated.

CD

There was no new business arising out of the Summary of the Minutes.

Kristin Brading presented the Auditor's Report, and Financial Statements. Kristin read the Auditor's letter, reviewed the Balance Sheet and Statement of Net Savings and Retained Savings. She referred to the Statement of Cash Flow and the Notes, explaining that the notes provided more details to the statements.

No questions arising out of the reading of the Financial Statements:

John Sandborn – Jacquie Mydynski-Arp: Motion that we accept the Auditor's Report and Financial Statements as presented.

CD

President TerHorst called on Kevin Kirkpatrick to speak recommending MNP LLP be appointed as our auditors.

Kevin Kirkpatrick – Jessica Lacasse: Motion that we appoint MNP LLP as our external auditor for the 2023 fiscal year.

CD

Don Hagman presented the Nominating Committee's Report. Don stated that the terms of John Sandborn, Lorna Jean Munro and Kevin Kirkpatrick ended in 2023. The call for nominations was advertised as per the bylaws. Lorna Jean Munro and Kevin Kirkpatrick directors allowed their names to stand, John Sandborn is stepping off the board, and one new application was received from Tim Mendel.

President TerHorst welcomed Tim Mendel to the board and looks forward to working with them.

Larry TerHorst presented the President's Report.

Colin Peters presented the General Manager's Report.

Jessie Lacasse presented the FCL Delegate's Report on behalf of John Sandborn.

Nicole Hrapsted – Sharon Alford: Motion that we accept the President's Report, General Manager's Report, Nominating Committee's Report and the FCL Delegate's Report as presented.

CD

### **New Business**

No new business was brought forward.

### **Service Awards**

Larry TerHorst – 18 years

General Manager, Colin Peters thanked President TerHorst for his dedicated service to the members of Swan Valley Co-op. Vice President Lacasse presented Larry TerHorst with his service award.

### **Question Period**

President TerHorst opened the question period. No questions were brought forward. TerHorst extended an opening for questions later to contact Colin, Larry or any of the board.

**Prize Draws** were drawn.

Co-op private label products basket valued at \$100, won by Bev TerHorst.

5 – \$50 Co-op Gift Cards won by:

Amanda Matychuk

Lorne Shevernoha

Jason Galbraith

Lila Brading/Sheldon Brading

Travis Long

President TerHorst thanked the attendees for participating in the annual meeting.

Leanne Hutman: Moved that we move to adjourn the Annual Meeting at 8:04 pm.

CD





## Management's Responsibility

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To the Members of Swan Valley Consumers Cooperative Limited:

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 and ensuring that all information in the annual report is consistent with the statements. 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 Cooperative. 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, internal auditors, and external auditors. The Board is also responsible for recommending the appointment of the Cooperative'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 and separately with, both the Board and management to discuss their audit findings.

May 27, 2024

Signed "Amanda Dixon"

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Finance Manager

## Independent Auditor's Report

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To the Members of Swan Valley Consumers Cooperative Limited:

### Opinion

We have audited the financial statements of Swan Valley Consumers Cooperative Limited (the "Cooperative"), which comprise the balance sheet as at January 31, 2024, and the statements of net savings, 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 Cooperative as at January 31, 2024, 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 Cooperative 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 Cooperative'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 Cooperative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Cooperative'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 Cooperative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

### MNP LLP

1401 Princess Avenue, Brandon MB, R7A 7L7

1.800.446.0890 T: 204.727.0661 F: 204.726.1543

## Independent Auditor's Report - Continued

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- 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 Cooperative'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 Cooperative 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.

Brandon, Manitoba  
May 27, 2024

*MNP LLP*  
Chartered Professional Accountants

# Swan Valley Consumers Cooperative Limited

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## Balance Sheet As at January 31, 2024

	2024	2023
<b>Current assets</b>		
Cash	\$ 2,791,042	\$ 3,258,756
Accounts receivable (Note 5)	6,435,294	4,368,260
Income taxes recoverable	155,585	634,439
Inventories (Note 6)	22,745,001	17,465,744
Prepaid agriculture suppliers	1,675,539	592
Prepaid expenses	454,041	242,058
Current portion long-term receivable (Note 7)	1,828,674	22,947
	<u>36,085,176</u>	<u>25,992,796</u>
<b>Long-term receivable (Note 7)</b>	1,275	10,714
<b>Investments</b>		
Federated Co-operatives Limited (Note 4(a))	13,141,567	12,576,957
Other organizations	2,908	421
<b>Assets under capital lease (Note 8)</b>	1,652,351	1,858,182
<b>Property, plant and equipment (Note 9)</b>	23,645,421	19,289,374
<b>Total assets</b>	<u><u>\$ 74,528,698</u></u>	<u><u>\$ 59,728,444</u></u>
<b>Current liabilities</b>		
Line of credit (Note 10)	\$ 4,000,000	\$ -
Accounts payable and trust liabilities (Note 11)	17,323,959	9,892,888
Customer prepaid accounts	3,067,835	1,843,554
Current portion of capital lease obligation (Note 12)	414,997	403,288
Current portion of long-term debt (Note 13)	1,337,955	1,697,533
	<u>26,144,746</u>	<u>13,837,263</u>
<b>Lease obligation (Note 12)</b>	582,024	997,022
<b>Long-term debt (Note 13)</b>	8,600,000	6,300,000
<b>Asset retirement obligation (Note 4(b))</b>	23,556	33,082
<b>Total liabilities</b>	<u>35,350,326</u>	<u>21,167,367</u>
<b>Members' equity</b>		
Share capital (Note 14)	16,842,337	17,308,510
Reserves and retained savings (Note 15)	22,336,035	21,252,567
	<u>39,178,372</u>	<u>38,561,077</u>
<b>Total liabilities and members' equity</b>	<u><u>\$ 74,528,698</u></u>	<u><u>\$ 59,728,444</u></u>

Subsequent event (Note 20)

Business combination (Note 21)

Approved on behalf of the Board of Directors

Signed "Jessica Lacasse"

Director

Signed "Jacquie Mydynski-Arp"

Director

The accompanying notes are an integral part of these financial statements



**Swan Valley Consumers Cooperative Limited**  
**Statement of Net Savings and Statement of Retained Savings**  
**For the Year Ended January 31, 2024**

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	<b>2024</b>	<b>%</b>	<b>2023</b>	<b>%</b>
<b>Sales</b> (Note 16)	\$ 117,119,100	100.0	\$ 131,857,221	100.0
<b>Cost of goods sold</b>	<u>103,067,395</u>	<u>88.0</u>	<u>117,685,925</u>	<u>89.3</u>
<b>Gross margin</b>	<u>14,051,705</u>	<u>12.0</u>	<u>14,171,296</u>	<u>10.7</u>
<b>Expenses</b>				
Operating and administration	13,953,550	11.9	12,798,032	9.7
Net interest (Note 17)	<u>571,247</u>	<u>0.5</u>	<u>207,929</u>	<u>0.2</u>
	<u>14,524,797</u>	<u>12.4</u>	<u>13,005,961</u>	<u>9.9</u>
<b>Savings (loss) from operations</b>	(473,092)	(0.4)	1,165,335	0.8
FCL loyalty program (Note 4(c)(ii))	1,007,916	0.9	1,051,497	0.8
Patronage refunds	<u>2,825,540</u>	<u>2.4</u>	<u>2,668,594</u>	<u>2.0</u>
<b>Savings before other item and income taxes</b>	3,360,364	2.9	4,885,426	3.6
Other item	<u>-</u>	<u>-</u>	<u>700,097</u>	<u>0.5</u>
<b>Savings before income taxes</b>	3,360,364	2.9	5,585,523	4.1
Income tax expense (recovery) (Note 19)	<u>269,584</u>	<u>0.2</u>	<u>(137,341)</u>	<u>(0.1)</u>
<b>Net savings</b>	<u><b>\$ 3,090,780</b></u>	<u><b>2.7</b></u>	<u><b>\$ 5,722,864</b></u>	<u><b>4.2</b></u>
 <b>Retained savings, beginning of year</b>	 <b>\$ 6,433,980</b>		 <b>\$ 4,002,558</b>	
Net savings	3,090,780		5,722,864	
Transfer to general reserve (Note 15)	(346,790)		(558,552)	
Patronage allocation to members (Note 14)	<u>(2,020,368)</u>		<u>(2,732,890)</u>	
<b>Retained savings, end of year</b> (Note 15)	<u><b>\$ 7,157,602</b></u>		<u><b>\$ 6,433,980</b></u>	

The accompanying notes are an integral part of these financial statements



**Statement of Cash Flows**

**For the Year Ended January 31, 2024**

	<b>2024</b>	<b>2023</b>
<b>Operating activities</b>		
Net savings	\$ 3,090,780	\$ 5,722,864
Adjustments for:		
Depreciation	2,885,604	2,317,343
Amortization	190,242	219,233
Accretion	976	948
FCL patronage refund	(2,823,053)	(2,668,457)
Loss (gain) on the disposal of property, plant and equipment	(75,147)	4,184
Changes in non-cash operating working capital:		
Accounts receivable	(2,067,034)	(1,336)
Income taxes recoverable	478,854	(634,439)
Inventories	(5,279,257)	(5,705,282)
Prepaid agriculture suppliers	(1,674,947)	2,613,158
Prepaid expenses	(211,983)	(33,968)
Long-term receivables	(1,796,288)	12,493
Accounts payable and trust liabilities	7,431,071	(1,085,788)
Customer prepaid accounts	1,224,281	(1,319,060)
Income taxes payable	-	(447,170)
Asset retirement obligation	(10,502)	-
Cash provided by (used for) operating activities	<u>1,363,597</u>	<u>(1,005,277)</u>
<b>Investing activities</b>		
Redemption of FCL shares	2,258,443	2,134,765
Additions to property, plant and equipment	(2,498,465)	(5,502,197)
Proceeds from the disposal of property, plant and equipment	92,550	41,310
Investment in other organization	(2,487)	(132)
Cash consideration on business combination (Note 21)	(4,745,000)	-
Cash used for investing activities	<u>(4,894,959)</u>	<u>(3,326,254)</u>
<b>Financing activities</b>		
Repayment of capital lease obligation	(403,289)	(375,728)
Change in line of credit	1,940,422	5,666,098
Share capital issued	5,040	2,460
GST on allocation	52,736	49,434
Redemption of share capital	(2,531,261)	(2,708,353)
Cash provided by (used for) financing activities	<u>(936,352)</u>	<u>2,633,911</u>
<b>Net decrease in cash (borrowings)</b>	<b>(4,467,714)</b>	<b>(1,697,620)</b>
<b>Cash, beginning of year</b>	<b><u>3,258,756</u></b>	<b><u>4,956,376</u></b>
<b>Cash (borrowings), end of year</b>	<b><u>\$ (1,208,958)</u></b>	<b><u>\$ 3,258,756</u></b>
Cash (borrowings) are comprised of:		
Cash	\$ 2,791,042	\$ 3,258,756
Line of credit	(4,000,000)	-
	<b><u>\$ (1,208,958)</u></b>	<b><u>\$ 3,258,756</u></b>

*The accompanying notes are an integral part of these financial statements*



## **1. Incorporation and operations**

Swan Valley Consumers Cooperative Limited ("the Cooperative") was incorporated under the Cooperatives Act of Manitoba on April 17, 1940. The primary business of the Cooperative is operating retail agricultural, home and building, food, and petroleum outlets in Swan River and the Pas, Manitoba and surrounding area.

## **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, income taxes, asset retirement obligations, accrued liabilities 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 Cooperative's financial year ends on the Saturday closest to January 31.

### **(b) Cash**

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

### **(c) Inventories**

Inventories are valued using a weighted average formula, first-in first-out method, and the retail method. Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the most appropriate method for that particular inventory class.

The Cooperative 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 Cooperative recognizes its financial instruments when the Cooperative 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 Cooperative may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Cooperative 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 Cooperatives 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.

**(ii) Financial asset impairment**

The Cooperative assesses impairment of all its financial assets measured at cost or amortized cost. The Cooperative 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 Cooperative determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Cooperative 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 Cooperative 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) Assets under capital lease**

Leases, which transfer substantially all of the benefits and risks incident to ownership of property, are recorded as an acquisition of an asset and the incurrence of an obligation. Under this method of accounting for leases, the asset is depreciated over its estimated useful life and the obligation, including interest thereon, over the life of the lease. Rents on non-capital leases are expensed as incurred. Depreciation on the assets under capital lease are taken over the estimated useful lives of the assets using the following methods and rates:

NH3 tanks	Declining balance	10%
Transport trailer	Declining balance	15%

**(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:

Land improvements	Declining balance	4% to 10%
Buildings	Straight-line & declining balance	25 years & 10%
Tanks	Declining balance	10% & 20%
Vehicles	Declining balance	15% & 30%
Furniture & equipment	Declining balance	20% & 30%
Computer equipment	Declining balance	55% & 100%
Asset retirement cost	Straight-line	25 - 30 years

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) Asset retirement obligation**

The Cooperative has a liability for an asset retirement obligation in the period in which a legal liability is incurred. The liability is based on management's best estimate. The liability is subsequently adjusted for the passage of time, which is recognized as an accretion expense in the statement of net savings and statement of retained savings. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. Actual costs incurred upon settlement of the asset retirement obligations are charged against the asset retirement obligation to the extent of the liability recorded.



**(h) Share capital**

The Cooperative 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 Cooperative records the redemption of shares that is to be paid to members at the time it has been approved by the Board of Directors.

**(i) Revenue recognition**

The Cooperative 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 savings when earned by the Cooperative.

**(j) Income taxes**

The Cooperative 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 tax rates that are enacted or substantively enacted at the reporting date.

**(k) 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 Cooperative 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.

The consideration transferred for each acquisition is measured as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred, and equity instruments issued by the Cooperative to obtain control of the subsidiary.



### **3. Financial instruments and risk management**

The significant financial risks to which the Cooperative is exposed are credit risk, interest rate risk, liquidity risk, and commodity price risk.

#### **(a) Credit risk**

The Cooperative is exposed to credit risk on accounts receivable from its customers. The Cooperative manages credit risk through an active credit management program. The Cooperative does not have a significant exposure to any individual customer (2023 - one customer accounted for 12.1%) of the accounts receivable balance.

#### **(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 Cooperative's sensitivity to fluctuations in interest rates is limited to its cash and debt. The Cooperative manages its exposure to interest rate risk through floating rate deposits and borrowings.

#### **(c) Liquidity risk**

Liquidity risk is the risk that the Cooperative will encounter difficulty in meeting obligations associated with financial liabilities. The Cooperative is exposed to liquidity risk arising primarily from the current obligations. The Cooperative's ability to meet obligations depends on funds generated by its operations.

#### **(d) Commodity price risk**

The Cooperative enters into transactions to purchase crop production products, for which market prices fluctuate. The nature of the Cooperative's activities exposes it to risk of changes in commodity prices related to crop inputs that may occur between the time products are received from the supplier and actual date of sale to customers. To mitigate a portion of this risk, the Cooperative enters into contracts with the supplier to purchase the product at specified prices.



#### **4. Transactions with Federated Co-operatives Limited**

##### **(a) Patronage refund**

The Cooperative, along with other Cooperatives in Western Canada, own FCL. At the end of each year, FCL divides a substantial portion of its net savings among these retail Cooperatives in proportion to the business done by each with FCL. During FCL's fiscal year ended October 31, 2023, the Cooperative purchased goods amounting to \$98,643,822 (2022 - \$116,000,938) 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 Cooperative. The amounts of the patronage refund and shares redeemed are as follows:

	<b>2024</b>	2023
Opening investment balance	\$ 12,576,957	\$ 12,043,265
Patronage refund	2,823,053	2,668,457
Share redemptions	<u>(2,258,443)</u>	<u>(2,134,765)</u>
Closing investment balance	<u><u>\$ 13,141,567</u></u>	<u><u>\$ 12,576,957</u></u>

##### **(b) Asset retirement obligation**

The Cooperative participates in a contaminated site management program established by FCL to manage its asset retirement obligations. This program limits the Cooperative's liability to \$25,000 per site as long as the Cooperative continues to exercise due diligence. The Cooperative has two sites under this program. Management believes that due diligence has been exercised. At year end, the Cooperative has accrued a liability in the amount of \$23,556 (2023 - \$33,082). A corresponding amount has been capitalized as an asset retirement cost. Accretion for the current year included in operating and administration expense was \$976 (2023 - \$948).

The Cooperative's has three fertilizer sites that are covered under the contaminated site management program established by FCL. Management cannot make a reasonable estimate of the future asset retirement obligation due to the uncertainty of the timing of when management would decommission the fertilizer division.

##### **(c) Purchase commitments**

(i) Under the terms of the agreement with FCL, the Cooperative has committed to purchase petroleum products, at market price, from the FCL corporate bulk plant over a ten year period commencing from March 2016. Failure to meet this commitment would require the Cooperative to pay a portion of the capital costs of the bulk plant to FCL determined by a formula based upon usage. Management intends to fulfill all existing contracts with FCL.

(ii) Under the terms of the agreement with FCL, the Cooperative 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 Cooperative, on a quarterly basis, a Loyalty Payment based on cents per litre. The Loyalty Payment revenue is accrued as earned.



**Notes to the Financial Statements  
For the Year Ended January 31, 2024**

(iii) Under the terms of the agreement with FCL, the Cooperative has committed to purchase agricultural- and home centre-related products from FCL and continue to operate certain agro and home centre locations over periods of ten to thirty years depending on the specific contract. Failure to meet this commitment would require the Cooperative to repay the assistance received on a prorated basis. Total assistance that would be repayable if commitments were not met without FCL approval as at January 31, 2024 amounted to \$1,896,123 (2023 - \$141,123). Management intends to fulfill all commitments with FCL.

(iv) Under the terms of the agreement with FCL, the Cooperative has committed to purchase fertilizer products, at market price, from FCL over a five year period commencing from July 2019. Failure to meet this commitment would require the Cooperative to pay a termination charge to FCL determined by a formula based on purchases and years remaining in the contract. Management intends to fulfill all existing contracts with FCL.

**5. Accounts receivable**

	<b>2024</b>	2023
Customer accounts receivable	\$ 4,528,823	\$ 4,145,345
Other accounts receivable	2,149,471	617,915
Allowance for doubtful accounts	<u>(243,000)</u>	<u>(395,000)</u>
	<u><u>\$ 6,435,294</u></u>	<u><u>\$ 4,368,260</u></u>

**6. Inventories**

	<b>2024</b>	2023
Raw material	\$ 4,772,074	\$ 5,257,922
Work in process	237,908	-
Goods for resale	<u>17,735,019</u>	<u>12,207,822</u>
	<u><u>\$ 22,745,001</u></u>	<u><u>\$ 17,465,744</u></u>

The cost of inventories recognized as an expense during the year was \$102,214,015 (2023 - \$117,135,112).

**7. Long-term receivable**

	<b>2024</b>	<b>2024</b>	2023	2023
Total	Current Portion	Deferred Portion	Current Portion	Deferred Portion
Tanks & bins	<u>\$ 1,829,949</u>	<u>\$ 1,828,674</u>	<u>\$ 22,947</u>	<u>\$ 10,714</u>

The Cooperative has long-term interest free receivables covering petroleum tank equipment which are recoverable over one to three years. The receivables are secured by the petroleum tank equipment.



**Notes to the Financial Statements  
For the Year Ended January 31, 2024**

**8. Assets under capital lease**

	Original Cost	Accumulated Depreciation	2024 Book Value	2023 Book Value
NH3 tanks	\$ 2,767,212	\$ 1,216,557	\$ 1,550,655	\$ 1,722,952
Transport trailer	248,151	146,455	101,696	119,642
Transit van	-	-	-	15,588
	<u>\$ 3,015,363</u>	<u>\$ 1,363,012</u>	<u>\$ 1,652,351</u>	<u>\$ 1,858,182</u>

Depreciation for the current year included in operating and administration expense was \$190,242 (2023 - \$219,233).

**9. Property, plant and equipment**

	Original Cost	Accumulated Depreciation	2024 Book Value	2023 Book Value
Land	\$ 894,320	\$ -	\$ 894,320	\$ 580,107
Land improvements	3,262,671	1,341,840	1,920,831	1,836,307
Buildings	21,298,274	7,682,232	13,616,042	8,563,006
Tanks	723,921	531,625	192,296	231,006
Furniture & equipment	13,492,678	8,864,481	4,628,197	5,128,530
Computer equipment	1,480,173	1,230,189	249,984	356,063
Vehicles	4,881,071	2,739,626	2,141,445	2,165,561
Asset retirement cost	12,024	9,718	2,306	13,034
Under construction	-	-	-	415,760
	<u>\$ 46,045,132</u>	<u>\$ 22,399,711</u>	<u>\$ 23,645,421</u>	<u>\$ 19,289,374</u>

Depreciation for the current year included in operating and administration expense was \$2,885,604 (2023 - \$2,317,343).

**10. Line of credit**

The Cooperative has a \$8,000,000 line of credit with Swan Valley Credit Union of which no amount has been drawn as at January 31, 2024 (2023 - \$nil). The line of credit is secured by a Business Security Agreement and a General Security Agreement. Interest on the line of credit is prime less 0.25% (6.95%) (2023 - 6.45%).

The Cooperative has a \$9,500,000 line of credit with Federated Co-operatives Limited of which \$4,000,000 has been drawn as at January 31, 2024 (2023 - \$nil). Interest on the line of credit is at prime rate (7.2%) (2023 - 6.7%). The line of credit is subject to certain measurable covenants. As at January 31, 2024, the Cooperative is in compliance with such covenants.



**Swan Valley Consumers Cooperative Limited**  
**Notes to the Financial Statements**  
**For the Year Ended January 31, 2024**

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**11. Accounts payable and trust liabilities**

	<b>2024</b>	2023
FCL payables	\$ 13,951,735	\$ 8,464,232
Other payables	2,737,554	1,202,217
Trust liabilities:		
Payroll deductions	258,478	3,052
Goods and services tax	-	2,932
Provincial sales tax	105,837	42,861
Federal fuel charge	270,355	177,594
	<u>\$ 17,323,959</u>	<u>\$ 9,892,888</u>

**12. Obligation under capital lease**

		<b>2024</b>	<b>2024</b>	2023	2023
	Total	Current Portion	Deferred Portion	Current Portion	Deferred Portion
NH3 tanks <sup>(1)</sup>	\$ 949,068	\$ 367,044	\$ 582,024	\$ 351,181	\$ 949,069
Transport trailer <sup>(2)</sup>	47,953	47,953	-	35,964	47,953
Transit van <sup>(3)</sup>	-	-	-	16,143	-
	<u>\$ 997,021</u>	<u>\$ 414,997</u>	<u>\$ 582,024</u>	<u>\$ 403,288</u>	<u>\$ 997,022</u>

<sup>(1)</sup> The lease agreement for the NH3 tanks matures November 2026, requires semi-annual minimum lease payments of \$189,533 and has a nominal interest rate of 4.78%. This lease is secured by the NH3 tanks under capital lease (Note 8).

<sup>(2)</sup> The lease agreement for the transport trailer matures May 2024, requires semi-annual minimum lease payments of \$18,339, has a nominal interest rate of 4.65%, and includes a buyout option at the end of the lease. This lease is secured by the transport trailer under capital lease (Note 8).

<sup>(3)</sup> The lease agreement for the transit van matured October 2023. The Cooperative exercised the buyout option at the end of the lease.

The scheduled principal repayments on the capital lease for the next three years are as follows:

2025	\$ 414,997
2026	383,682
2027	198,342
	<u>\$ 997,021</u>



**Swan Valley Consumers Cooperative Limited**  
**Notes to the Financial Statements**  
**For the Year Ended January 31, 2024**

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**13. Long-term debt**

		<b>2024</b>	<b>2024</b>	<b>2023</b>	<b>2023</b>
	Total	Current Portion	Deferred Portion	Current Portion	Deferred Portion
FCL LOC <sup>(1)(2)(3)</sup>	<u>\$ 9,937,955</u>	<u>\$ 1,337,955</u>	<u>\$ 8,600,000</u>	<u>\$ 1,697,533</u>	<u>\$ 6,300,000</u>

<sup>(1)</sup> FCL line of credit, bearing interest at prime rate (7.2%) (2023 - 6.7%), repayable via an annual reduction in available credit, matures December 2024. The loan is subject to certain non-financial covenants. The Cooperative believes it is in compliance with these covenants as at year-end and has been in compliance since the loan start date. Security for the credit is a Business Security Agreement and a General Security Agreement. The available line of credit decreases as follows:

December 1, 2023 - December 1, 2024	\$ 1,100,000
-------------------------------------	--------------

<sup>(2)</sup> FCL line of credit, bearing interest at prime rate (7.2%) (2023 - 6.7%), repayable via an annual reduction in available credit, matures June 2031. The loan is subject to certain financial and non-financial covenants. The Cooperative believes it is in compliance with the non-financial covenants as at year-end and has been in compliance since the loan start date. The Cooperative is not in compliance with the financial covenants as at year-end. FCL has provided a written waiver for these covenants. Security for the credit is a Business Security Agreement and a General Security Agreement. The available line of credit decreases as follows:

July 1, 2023 - June 30, 2024	\$ 5,200,000
July 1, 2024 - June 30, 2025	4,550,000
July 1, 2025 - June 30, 2026	3,900,000
July 1, 2026 - June 30, 2027	3,250,000
July 1, 2027 - June 30, 2028	2,600,000
July 1, 2028 - June 30, 2029	1,950,000
July 1, 2029 - June 30, 2030	1,300,000
July 1, 2030 - June 30, 2031	650,000





**Notes to the Financial Statements  
For the Year Ended January 31, 2024**

<sup>(3)</sup> FCL line of credit, bearing interest at prime rate (7.2%), repayable via an annual reduction in available credit, matures December 2033. The loan is subject to certain financial and non-financial covenants. The Cooperative believes it is in compliance with the non-financial covenants as at year-end and has been in compliance since the loan start date. The Cooperative is not in compliance with the financial covenants as at year-end. FCL has provided a written waiver for these covenants. Security for the credit is a Business Security Agreement and a General Security Agreement. The available line of credit decreases as follows:

December 1, 2023 - December 1, 2024	\$ 4,500,000
December 1, 2024 - December 1, 2025	4,050,000
December 1, 2025 - December 1, 2026	3,600,000
December 1, 2026 - December 1, 2027	3,150,000
December 1, 2027 - December 1, 2028	2,700,000
December 1, 2028 - December 1, 2029	2,250,000
December 1, 2029 - December 1, 2030	1,800,000
December 1, 2030 - December 1, 2031	1,350,000
December 1, 2031 - December 1, 2032	900,000
December 1, 2032 - December 1, 2033	450,000

The scheduled principal repayments on the long-term debt for the next five years and subsequent are as follows:

2025	\$ 1,337,955
2026	1,100,000
2027	1,100,000
2028	1,100,000
2029	1,100,000
Subsequent payments	<u>4,200,000</u>
	<u><u>\$ 9,937,955</u></u>

**14. Share capital**

Authorized, unlimited @ \$1	<b>2024</b>	2023
Balance, beginning of year	\$ 17,308,510	\$ 17,235,056
Allocation to members	2,020,368	2,732,890
Cash from new members	5,040	2,460
GST on allocation	52,736	49,434
Shares transferred from reserves	2,454	14,648
	<u>19,389,108</u>	<u>20,034,488</u>
General repayment	1,552,254	1,588,287
Shares transferred to reserves	15,510	17,625
Withdrawals and retirements	630,977	782,512
Withholding tax	348,030	337,554
	<u>2,546,771</u>	<u>2,725,978</u>
Balance, end of year	<u><u>\$ 16,842,337</u></u>	<u><u>\$ 17,308,510</u></u>



**Swan Valley Consumers Cooperative Limited**  
**Notes to the Financial Statements**  
**For the Year Ended January 31, 2024**

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**15. Reserves and retained savings**

	<b>Special Reserve</b>	<b>General Reserve</b>	<b>Retained Savings</b>	<b>2024</b>	<b>2023</b>
Balance, beginning of year	\$ 5,221,575	\$ 9,597,012	\$ 6,433,980	\$ 21,252,567	\$ 18,259,616
Net savings distributed to retained savings	-	-	3,090,780	3,090,780	5,722,864
Patronage allocation	-	-	(2,020,368)	(2,020,368)	(2,732,890)
Shares transferred	-	13,056	-	13,056	2,977
Reserve transfers	-	346,790	(346,790)	-	-
Balance, end of year	<u>\$ 5,221,575</u>	<u>\$ 9,956,858</u>	<u>\$ 7,157,602</u>	<u>\$ 22,336,035</u>	<u>\$ 21,252,567</u>

**16. Sales**

	<b>2024</b>	<b>2023</b>
Consumer products	\$ 34,606,638	\$ 32,409,275
Petroleum and agro	<u>82,512,462</u>	<u>99,447,946</u>
	<u>\$ 117,119,100</u>	<u>\$ 131,857,221</u>

All sales are to external customers and no single customer accounts for more than 10% of sales.

**17. Net interest**

	<b>2024</b>	<b>2023</b>
Interest expense on		
- Short-term debt	\$ 368,233	\$ 202,518
- Long-term debt	396,412	220,157
- Obligation under capital lease	53,422	70,364
Interest revenue	<u>(246,820)</u>	<u>(285,110)</u>
	<u>\$ 571,247</u>	<u>\$ 207,929</u>



## 18. Pension plan

The Cooperative participates in a multi-employer defined contribution plan whereby the Cooperative and participating employees contribute equal amounts up to the maximum allowed under the Income Tax Act. The Cooperative has no unfunded liability under this plan. During the year, the Cooperative recorded \$297,652 (2023 - \$287,712) of expense relating to the plan. There were no significant changes to the rate of employer contributions during the year.

## 19. Income tax expense (recovery)

The Cooperative accounts for income taxes using the taxes payable method. As a result, the Cooperative'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:

	2024	2023
Savings before income taxes	\$ 3,360,364	\$ 5,585,523
Expected income tax expense at the combined tax rate of 23.9% (2023 - 27.0%) net of the small business deduction	803,127	1,508,091
Decrease in income tax expense resulting from:		
Non-taxable income and non-deductible expense	(83,433)	(66,542)
Patronage allocation to members of \$2,020,368 (2023 - \$2,732,890)	(482,868)	(737,880)
Income or expenses claimed in different periods for income tax purposes:		
Depreciation in excess of capital cost allowance	35,295	-
Capital cost allowance in excess of depreciation	-	(432,755)
Allowance for doubtful accounts	-	(14,416)
Other items that impact income taxes:		
Manufacturing and Processing Investment Tax Credit	(4,263)	(309,291)
Prior year tax adjustment	1,726	(84,548)
Income tax expense (recovery)	<u>\$ 269,584</u>	<u>\$ (137,341)</u>

The Cooperative has income tax losses which are available to offset income for income tax purposes in the amount of \$83,871 (2023 - \$nil) until 2041.



**20. Subsequent event**

**Patronage allocation to members**

Subsequent to January 31, 2024 the Board of Directors approved a patronage allocation to members in the amount of \$2,020,368 (2023 - \$2,732,890).

**21. Business combination**

On December 1, 2023 the Cooperative completed a business combination for a total cash consideration of \$4,745,000 and applied the acquisition method to record the transaction.

The purchase price allocation was as follows:

Building	\$ 3,756,913
Other assets	<u>988,087</u>
	<u><u>\$ 4,745,000</u></u>



**Swan Valley Consumers Cooperative Limited**  
**Unaudited Statistical Information**  
**For the Year Ended January 31, 2024**

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**Record of Sales and Net Savings**

	<u>Year</u>	<u>Sales</u>	<u>Net Savings</u>	<u>%</u>
From Date of Incorporation, April 7, 1940, to January 31,	2015	\$ 1,243,088,153	\$ 64,597,320	5.2
	2016	81,270,198	4,292,058	5.3
	2017	75,156,547	3,795,995	5.1
	2018	80,550,907	3,996,799	5.0
	2019	88,267,571	4,703,901	5.4
	2020	87,243,174	2,626,767	3.0
	2021	83,776,598	2,424,001	2.9
	2022	104,525,978	4,663,650	4.5
	2023	131,857,221	5,722,864	4.2
	2024	117,119,100	3,090,780	2.7
		<u>\$ 2,092,855,447</u>	<u>\$ 99,914,135</u>	<u>4.8</u>

**Membership**

Members purchasing during the year	5,354
Inactive members	<u>1,336</u>
Total members	<u>6,690</u>






**Swan Valley**
**Board of Directors**

<b>Director</b>	<b>Address</b>	<b>Office</b>	<b>Term Expires</b>
Don Hagman	Swan River	Director	2024
Lorne Shevernoha	Swan River	Board Secretary	2024
Gary Bartel	Minitonas	Director	2024
Jacquie Mydynski-Arp	Swan River	Director	2025
Jessica Lacasse	Swan River	Vice President	2025
Larry TerHorst	Kenville	President	2025
Tim Mendel	Swan River	Director	2026
Lorna Jean Munro	Mafeking	Director	2026
Kevin Kirkpatrick	Swan River	Director	2026

**As indicated above, the terms of the following Directors expire this year**

<b>Years of Service</b>		
Don Hagman	Swan River	18
Lorne Shevernoha	Swan River	9
Gary Bartel	Minitonas	3

Up for re-election this year is Lorne Shevernoha. Gary Bartel and Don Hagman are stepping off the board.





## **President's Report**

Your Swan Valley Co-op recorded sales of over \$117 million during the 2023 fiscal year with net savings of \$3.09 million. These results were achieved thanks to the continued patronage of our members and the combined efforts of team leaders and team members as well as the Board of Directors. Throughout the 2023 year there were 407 new membership applications, a 65% increase over 2022 due to the home centres acquisition. Total member cash repayments of \$2.2 million and an equity allocation of \$2.73 million to members based on 2022 purchases.

Looking forward to 2024, an allocation of \$2.02 million to members based on 2023 purchases has been approved. This allocation will be based on 1.5% of Food purchases, 1.5% of Agro purchases, 3.0% of Petroleum purchases and 1.0% of Home Centre purchases. In June 2024 a cash repayment of \$944,000 will be made to members based on 50% of the current year's allocation.

This year the decision to acquire Home Centre locations in Swan River and The Pas required a great deal of planning and investigation. Our senior leadership team with help from FCL undertook the task of thoroughly investigating the potential risks and benefits of proceeding with the acquisition. Following several months of hard work the team brought the final report to the Board for a decision on whether to proceed. I wish to thank our senior leadership team and members of the FCL team for their dedication and effort to provide the board with the information and advice needed to make this very important decision. I want to welcome the new team members from the Home Centre locations and thank them and our other team members for the great job they have done and continue to do to make this acquisition a success. I also wish to thank you, the members, for your patience and continued patronage while our team is working through the ongoing process to integrate these new locations into our Co-op.

Your Board of Directors held 12 meetings during the year as well as sustainability, governance, property, and nominating committee meetings, as necessary. Our ongoing commitment to provide excellent service, products and facilities for our customers allows our Co-op to generate revenues and profits. This gives us the opportunity to provide equity and cash back to our members as well as scholarships and donations to community organizations and events throughout our trading area.

Your Board holds strategic planning sessions to discuss the future needs and direction for your Co-op. Members of the property committee tour our facilities and meet with department team leaders to discuss asset requirements and potential opportunities. This information, along with a ten-year financial forecast, forms the basis of the planning sessions. Together with the General Manager and leadership team, we develop our five-year corporate goals, understanding that we need to evolve with the ever-changing retail landscape to ensure our long-term viability as a co-op.

This year several of our directors attended the FCL June District 5 meeting in Winnipeg as well as the Fall Leaders Conference in Regina. Delegates attending the FCL's 95th AGM in Saskatoon were Jessie Lacasse, Tim Mendel, and Larry TerHorst, with Jacquie Mydynski-Arp attending as a visiting director.

In closing, we thank our members for their continued support and our employees for their service and dedication. Our goal is to provide strong leadership into the future so that we achieve our vision of being the retailer of choice in the communities we serve.

On behalf of the Board of Directors,

Larry TerHorst,

President



## General Manager's Report

Swan Valley Co-op surpassed \$117 million in sales while achieving net savings totalling \$3.09 million. The earnings are reflective of the success generated by our teams, and the strong support of our members. My report will highlight our operations in 2023 and plans for 2024 and beyond.

Last year, our Co-op completed renovations to a portion of the former fashion gallery that has improved our facilities and services. Renovations included creating a permanent home for our Click & Collect and food delivery team. The new space is allowing our team to work efficiently and collaboratively, to provide a great customer experience.

The project also improved accessibility for members, by relocating the customer service side of our administration team to the new space on the main floor, to better serve our members and customers. The relocation has provided improved access to membership, equity, and credit inquiries.

In late 2023, Swan Valley Co-op completed a significant diversification opportunity by acquiring two Timber Mart locations in Swan River and The Pas. These two new home centres will provide Co-op members additional retail essential services in home and building supplies. The addition of these two new locations provide additional growth opportunities for our Co-op, along with increasing business diversity that will enhance our long-term financial health and relevancy to members. I'm excited to work with our teams to serve our members by re-entering this line of business.

Your Co-op continues to support local groups and organizations by assisting them with their fundraising activities. Last year we invested over \$109,000 back into our local community through donations to these groups, improving the places where we live, work and play. We were proud to support groups such as the Swan River Community Centre, who was our Fuel Good Day partner, as well as many local schools, sports and recreation clubs and other community groups.

Each year we review our current and future needs as a business and create plans to address them. Here are three focus areas that describe our path forward as a Co-op.

- **We are committed to our team.** We show this commitment by:
  - Investing in learning and development of our team
  - Providing the equipment, tools, and resources to serve our members safely each day
  - In 2023, we undertook a number of safety initiatives such as updated emergency response plans and further development of our National Safety Code program, which governs our commercial fleet vehicles
- **We are committed to getting better every day.** We pursue continuous improvement by:
  - Investing in new technology, facilities, and assets
  - Embedding a culture of safety in our workplaces every day
  - Looking at new and existing ways to be efficient, productive, and profitable
- **We make a difference in our members' lives.** We make this difference by:
  - Providing an excellent customer experience that creates fans who recommend us to their family and friends, helping our business grow
  - Diversifying our lines of business through our acquisition of two home centre locations
  - Committing to build meaningful relationships with Indigenous Peoples in the spirit of reconciliation, sustainability, and integrity, and honouring our responsibility towards this land. As we continue our journey of Truth & Reconciliation, we recognize the pain of the past and are committed to learning and actively advancing reconciliation in our local communities

I want to close by thanking our team. I'd like to offer a sincere thank you for the way you've delivered excellent customer experiences to our members and guests this past year. Your roles are critical in delivering essential services to our communities and creating our company success.

Thank you to the Board for their strategic direction, support, and trust they place in our team, moving us toward our vision. And, of course without the much-needed support of **you**, our members, we would not exist. Thank you for your business.

Colin Peters, General Manager





### FCL Delegate's Report

The 95<sup>th</sup> Annual General Meeting of members of Federated Co-operatives Ltd. (FCL) was held in person on March 2<sup>nd</sup> and 3<sup>rd</sup> 2024 in Saskatoon, SK.

157 Member Retail Co-operatives were eligible to be represented by a total of 318 delegates. There were 117 Member Retail Co-operatives who registered 262 delegates. Two Affiliate Member delegates registered a total of four delegates and two Associate Members registered one delegate. A total of 205 Delegates attended and voted at the meeting in person and 39 delegates attended and voted online. A snowstorm disrupted travel for many delegates therefore accommodations were made to allow them to attend virtually.

Sunday, March 3, began with a review of the 2023 financial results by the Vice-President Finance, Tony Van Burgsteden. Updates were also provided on the Energy Roadmap – Path to Compliance, and other FCL Strategic Projects. Delegates and Local Co-op Visitors had the opportunity to engage in discussions with FCL Organizational Leaders from each business unit. Delegates and local co-op board members were then provided with the opportunity to ask questions of the SLT.

Highlights from the presentations were as follows:

- The team is continuing to study the financial feasibility/risk analysis of the Agricultural Complex. Given the increase costs with the build and the increasing costs of compliance more work is needed before a commitment is made to the project.
- The cost of compliance in the energy area has increase significantly over the last number of years.
- The team continues to work on the Energy Road map with an emphasis on blended renewables.

#### Financial Results for 2023

- Total sales of \$12.5 billion for 2023
- Net income \$781 Million
- Patronage allocation \$399 million
- Share redemptions \$320 million
- Gross margins of \$1.610 billion

Delegates took part in district caucus meetings. Elections for District Director Elects were held during these meetings. New to the FCL Board of Directors are Cole Jackson of Mannville, AB who was acclaimed in District 1 and elected in District 5 was Matthew Heide of Boissevain, MB. Paul Hames of Brentwood Bay, BC from District 2, Robert Grimsrud from Estevan, SK in District 3 and from District 4 Valerie Pearson from Saskatoon, SK were all acclaimed.

A total of 5 resolutions were presented by the Resolutions Committee. All resolutions with the exception of one were approved. The one resolution that was defeated was the resolution which set out to implement term limits for FCL board of directors. Resolutions that passed dealt with board compensation, house keeping items, auditor appointment, and FCL to pay for regional meeting costs.





Swan Valley

**WE  
ARE CO-OP**



# 2023 Community Investment



Our success depends on the strength of our community. We are committed to helping better the lives of our members, friends and neighbours.

## Donations



**\$109,000 total**

Includes \$25,000 to Thunderhill Ski Club

## Equity Allocated



**\$2,020,419**

Total cash repayment  
\$944,794

## Capital Investments



**\$7,659,222 total**

## Salaries



**\$6,339,248**

Over 180 employees

## Property Tax Paid



**\$393,651**





# 2023 Sustainability

## Cardboard recycling



**346**

Bales recycled  
127.93 metric tons

## Loop Resources



**126,261 kg**

Donated to  
local farmers

## Food Bank



**8,900 kg**

Donated to  
feed local  
families



**Building**  
Opportunities

## Home Centre Acquisition

December 2023

### The Pas



### Swan River



## Did You Know!

- Our commercial fleet traveled 186,970 kms in 2023.
- We sold 5,712,598 litres of fuel at the Gas Bar in 2023.
- We sold 33,496 bags of chips at the Food Store in 2023.
- We received 15,765 calls on our main phone line in 2023.



**Swan Valley**







