



# **ANNUAL REPORT**



**SWAN VALLEY CONSUMERS COOPERATIVE LIMITED  
ANNUAL MEETING AGENDA  
MAY 17<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
- 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 82<sup>nd</sup> Annual Meeting of Swan Valley Consumers Cooperative Limited

At 7:30 pm on May 10<sup>th</sup>, 2022, 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 82<sup>nd</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.

Johnny Wintoniw – Rick Achter: Motion that we accept the Agenda as printed.

CD

Lorne Shevernoha – Kevin Kirkpatrick: 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.

Leanne Hutman – Darlene Beck: 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:

Danny Hansford – Johnny Wintoniw: Motion that we accept the Auditor's Report and Financial Statements as presented.

CD

President TerHorst called on Lorna Munro to speak recommending MNP LLP be appointed as our auditors.

Lorna Jean Munro – Jessica Lacasse: Motion that we appoint MNP LLP as our external auditor for the 2022 fiscal year.

CD

Kevin Kirkpatrick presented the Nominating Committee's Report. Kevin stated that the terms of Larry TerHorst, Jessica Lacasse and Rick Achter ended in 2022. The call for nominations was advertised as per the bylaws. All incumbent directors allowed their names to stand, and one new application was received from Jacquie Mydynski-Arp.

Ryan Maksymchuk, a Scrutineer, presented the election results.

Larry TerHorst, Jessica Lacasse & Jacquie Mydynski-Arp were elected by a vote held as per bylaw requirements.

President TerHorst welcomed Jacquie Mydynski-Arp 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.

Lorna Munro presented the FCL Delegate's Report on behalf of John Sandborn.

Don Hagman – Lorne Shevernoha: 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**

Jessica Lacasse, chair of the Governance Committee, presented the proposed bylaw amendments.

Board President asked for questions and discussion of the proposed bylaw amendments. Discussions and questions took place for 1 minute.

Motion by Don Hagman, seconded by Gary Bartel, to approve the bylaw amendments, as per Schedule A, reviewed at the Swan Valley Consumers Cooperative Limited 82nd Annual General Meeting of members on May 10th, 2022, which were presented by Jessica Lacasse, Governance Committee Chair.

### **Service Awards**

Rick Achter – 18 years

President TerHorst thanked all the board for their dedicated service to the members of Swan Valley Co-op.

### **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 \$200, won by Mike Gnida.

5 – \$50 Co-op Gift Cards won by:

- Kevin McQueen
- Jim Sutherland
- Jessica Lacasse
- Travis Long
- Lorne Shevernoha

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

Don Hagman: Moved that we move to adjourn the Annual Meeting at 8:15 pm.





## 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 3, 2023

Signed "Kristin Brading"

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Controller

## 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, 2023, and the statements of 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, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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.

## Independent Auditor's Report - Continued

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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.
- 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 3, 2023

*MNP* LLP

Chartered Professional Accountants

**Swan Valley Consumers Cooperative Limited**  
**Balance Sheet**  
**As at January 31, 2023**

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	<b>2023</b>	<b>2022</b>
<b>Current assets</b>		
Cash	\$ 3,258,756	\$ 4,956,376
Accounts receivable (Note 5)	4,368,260	4,366,924
Income taxes recoverable	634,439	-
Inventories (Note 6)	17,465,744	11,760,462
Prepaid agriculture suppliers	592	2,613,750
Prepaid expenses	242,058	208,090
Current portion long-term receivable (Note 7)	22,947	33,922
	25,992,796	23,939,524
 <b>Long-term receivable</b> (Note 7)	 10,714	 12,232
 <b>Investments</b>		
Federated Co-operatives Limited (Note 4(a))	12,576,957	12,043,265
Other organizations	421	289
 <b>Assets under capital lease</b> (Note 8)	 1,858,182	 2,077,416
<b>Property, plant and equipment</b> (Note 9)	19,289,374	16,150,013
<b>Total assets</b>	<b>\$ 59,728,444</b>	<b>\$ 54,222,739</b>
 <b>Current liabilities</b>		
Accounts payable and trust liabilities (Note 11)	\$ 9,892,888	\$ 10,978,676
Customer prepaid accounts	1,843,554	3,162,614
Income taxes payable	-	447,170
Current portion of capital lease obligation (Note 12)	403,288	375,728
Current portion of long-term debt (Note 13)	1,697,533	131,435
	13,837,263	15,095,623
 <b>Obligation under capital lease</b> (Note 12)	 997,022	 1,400,310
<b>Long-term debt</b> (Note 13)	6,300,000	2,200,000
<b>Asset retirement obligation</b> (Note 4(b))	33,082	32,134
<b>Total liabilities</b>	21,167,367	18,728,067
 <b>Members' equity</b>		
Share capital (Note 14)	17,308,510	17,235,056
Reserves and retained savings (Note 15)	21,252,567	18,259,616
	38,561,077	35,494,672
<b>Total liabilities and members' equity</b>	<b>\$ 59,728,444</b>	<b>\$ 54,222,739</b>

Subsequent event (Note 21)  
Commitment (Note 22)

Approved on behalf of the Board of Directors

Signed "Lorne Shevernoha"  
\_\_\_\_\_  
Director

Signed "Jessie Lacasse"  
\_\_\_\_\_  
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, 2023**

	2023	%	2022	%
<b>Sales</b> (Note 16)	\$ 131,857,221	100.0	\$ 104,525,978	100.0
<b>Cost of goods sold</b>	<u>117,685,925</u>	<u>89.3</u>	<u>90,653,026</u>	<u>86.7</u>
<b>Gross margin</b>	<u>14,171,296</u>	<u>10.7</u>	<u>13,872,952</u>	<u>13.3</u>
<b>Expenses</b>				
Operating and administration	12,798,032	9.7	12,174,248	11.6
Net interest (Note 18)	<u>207,929</u>	<u>0.2</u>	<u>(30,660)</u>	<u>-</u>
	<u>13,005,961</u>	<u>9.9</u>	<u>12,143,588</u>	<u>11.6</u>
<b>Savings from operations</b>	1,165,335	0.8	1,729,364	1.7
FCL loyalty program (Note 4(c)(ii))	1,051,497	0.8	1,063,566	1.0
Patronage refunds	<u>2,668,594</u>	<u>2.0</u>	<u>2,804,170</u>	<u>2.7</u>
<b>Savings before other item and income taxes</b>	4,885,426	3.6	5,597,100	5.4
Other item (Note 23)	<u>700,097</u>	<u>0.5</u>	<u>-</u>	<u>-</u>
<b>Savings before income taxes</b>	5,585,523	4.1	5,597,100	5.4
Income tax expense (recovery) (Note 20)	<u>(137,341)</u>	<u>(0.1)</u>	<u>933,450</u>	<u>0.9</u>
<b>Net savings</b>	<u><b>\$ 5,722,864</b></u>	<u><b>4.2</b></u>	<u><b>\$ 4,663,650</b></u>	<u><b>4.5</b></u>
<b>Retained savings, beginning of year</b>	<b>\$ 4,002,558</b>		<b>\$ 2,564,177</b>	
Net savings	5,722,864		4,663,650	
Transfer to general reserve (Note 15)	(558,552)		(559,710)	
Patronage allocation to members (Note 14)	<u>(2,732,890)</u>		<u>(2,665,559)</u>	
<b>Retained savings, end of year</b> (Note 15)	<u><b>\$ 6,433,980</b></u>		<u><b>\$ 4,002,558</b></u>	

The accompanying notes are an integral part of these financial statements



## Statement of Cash Flows

For the Year Ended January 31, 2023

	2023	2022
<b>Operating activities</b>		
Net savings	\$ 5,722,864	\$ 4,663,650
Adjustments for:		
Depreciation	2,317,343	1,826,102
Amortization	219,233	247,094
Accretion	948	921
FCL patronage refund	(2,668,457)	(2,804,011)
Loss (gain) on the disposal of property, plant and equipment	4,184	(139,973)
Changes in non-cash operating working capital:		
Accounts receivable	(1,336)	(632,345)
Income taxes receivable	(634,439)	554,126
Inventories	(5,705,282)	(2,857,105)
Prepaid agriculture suppliers	2,613,158	149,945
Prepaid expenses	(33,968)	(3,120)
Long-term receivables	12,493	1,913
Accounts payable and trust liabilities	(1,085,788)	4,825,357
Customer prepaid accounts	(1,319,060)	(134,577)
Income taxes payable	(447,170)	-
Cash provided by (used for) operating activities	<u>(1,005,277)</u>	<u>5,697,977</u>
<b>Investing activities</b>		
Redemption of FCL shares	2,134,765	2,243,209
Additions to property, plant and equipment	(5,502,197)	(4,653,122)
Proceeds from the disposal of property, plant and equipment	41,310	850,111
Investment in other organization	(132)	(149)
Cash used for investing activities	<u>(3,326,254)</u>	<u>(1,559,951)</u>
<b>Financing activities</b>		
Repayment of capital lease obligation	(375,728)	(359,760)
Change in line of credit	5,666,098	1,167,745
Share capital issued	2,460	1,770
GST on allocation	49,434	24,518
Redemption of share capital	(2,708,353)	(1,871,642)
Cash provided by (used for) financing activities	<u>2,633,911</u>	<u>(1,037,369)</u>
<b>Net increase (decrease) in cash</b>	<b>(1,697,620)</b>	<b>3,100,657</b>
<b>Cash, beginning of year</b>	<b>4,956,376</b>	<b>1,855,719</b>
<b>Cash, end of year</b>	<b>\$ 3,258,756</b>	<b>\$ 4,956,376</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, 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 earnings.

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 earnings 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%
Transit van	Declining balance	30%

**(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 net 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 earnings 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) Government assistance**

The Cooperative 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 Cooperative recognizes government assistance related to the Canada Emergency Wages Subsidy ("CEWS") as a reduction to the expense which the assistance program is meant to fund. Government assistance in the form of forgivable loans is recognized as other income in the year that the forgivable loan is received.

**3. Financial instruments and risk management**

The significant financial risks to which the 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. One customer accounts for 12.1% of the accounts receivable balance (2022 - no 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 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, 2022, the Cooperative purchased goods amounting to \$116,000,938 (2021 - \$82,707,661) 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>2023</b>		2022
Opening investment balance	\$ 12,043,265	\$	11,482,463
Patronage refund	2,668,457		2,804,011
Share redemptions	<u>(2,134,765)</u>		<u>(2,243,209)</u>
Closing investment balance	<u>\$ 12,576,957</u>	\$	<u>12,043,265</u>



**(b) Asset retirement obligation**

The Cooperative participates in a contaminated site management program established by FCL to manage its asset retirement obligations for petroleum sites. 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 \$33,082 (2022 - \$32,134). A corresponding amount has been capitalized as an asset retirement cost. Accretion for the current year included in operating and administration expense was \$948 (2022 - \$921).

The Cooperative 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.

(iii) Under the terms of the agreement with FCL, the Cooperative has committed to purchase agricultural-related products, from FCL and continue to operate certain agro 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, 2023 amounted to \$141,123 (2022 - \$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>2023</b>		<b>2022</b>
Customer accounts receivable	\$ 4,145,345	\$	3,616,258
Other accounts receivable	617,915		1,025,666
Allowance for doubtful accounts	<u>(395,000)</u>		<u>(275,000)</u>
	<u>\$ 4,368,260</u>	<u>\$</u>	<u>4,366,924</u>

**6. Inventories**

	<b>2023</b>		<b>2022</b>
Raw material	\$ 5,257,922	\$	3,632,784
Goods for resale	<u>12,207,822</u>		<u>8,127,678</u>
	<u>\$ 17,465,744</u>	<u>\$</u>	<u>11,760,462</u>

The cost of inventories recognized as an expense during the year was \$117,135,112 (2022 - \$90,440,125).

**7. Long-term receivable**

	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
Total	Current Portion	Deferred Portion	Current Portion	Deferred Portion
Tanks & bins	<u>\$ 33,661</u>	<u>\$ 22,947</u>	<u>\$ 10,714</u>	<u>\$ 33,922</u>
			<u>\$</u>	<u>\$ 12,232</u>

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

**8. Assets under capital lease**

	Original Cost	Accumulated Depreciation	<b>2023</b> Book Value	<b>2022</b> Book Value
NH3 tanks	\$ 2,767,212	\$ 1,044,260	\$ 1,722,952	\$ 1,914,391
Transport trailer	248,151	128,509	119,642	140,755
Transit van	<u>37,428</u>	<u>21,840</u>	<u>15,588</u>	<u>22,270</u>
	<u>\$ 3,052,791</u>	<u>\$ 1,194,609</u>	<u>\$ 1,858,182</u>	<u>\$ 2,077,416</u>

Amortization for the current year included in operating and administration expense was \$219,233 (2022 - \$247,094).



**9. Property, plant and equipment**

	Original Cost	Accumulated Depreciation	<b>2023</b> Book Value	2022 Book Value
Land	\$ 580,107	\$ -	\$ 580,107	\$ 556,361
Land improvements	3,029,125	1,192,818	1,836,307	943,883
Buildings	15,550,088	6,987,082	8,563,006	6,462,889
Tanks	723,921	492,915	231,006	130,028
Furniture & equipment	13,033,421	7,904,891	5,128,530	2,950,403
Computer equipment	1,359,886	1,003,823	356,063	176,854
Vehicles	4,320,264	2,154,703	2,165,561	1,209,570
Asset retirement cost	22,526	9,492	13,034	14,009
Under construction	415,760	-	415,760	3,706,016
	<u>\$ 39,035,098</u>	<u>\$ 19,745,724</u>	<u>\$ 19,289,374</u>	<u>\$ 16,150,013</u>

Depreciation for the current year included in operating and administration expense was \$2,317,343 (2022 - \$1,826,102).

**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, 2023 (2022 - \$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% (6.45%) (2022 - 2.95%).

The Cooperative has a line of credit with Federated Co-operatives Limited for up to \$6,000,000 from April to December and \$4,200,000 from January to March. No amount has been drawn as at January 31, 2023. Interest on the line of credit is at prime rate (6.7%). The line of credit is subject to certain measurable covenants. As at January 31, 2023, the Cooperative is in compliance with such covenants.

**11. Accounts payable and trust liabilities**

	<b>2023</b>	2022
FCL payables	\$ 8,464,232	\$ 7,878,386
Other payables	1,202,217	2,905,069
Trust liabilities:		
Payroll deductions	3,052	1,156
Goods and services tax	2,932	-
Provincial sales tax	42,861	41,687
Federal fuel charge	177,594	152,378
	<u>\$ 9,892,888</u>	<u>\$ 10,978,676</u>



**12. Obligation under capital lease**

	Total	2023 Current Portion	2023 Deferred Portion	2022 Current Portion	2022 Deferred Portion
NH3 tanks <sup>(1)</sup>	\$ 1,300,250	\$ 351,181	\$ 949,069	\$ 336,058	\$ 1,300,250
Transport trailer <sup>(2)</sup>	83,917	35,964	47,953	34,450	83,917
Transit van <sup>(3)</sup>	16,143	16,143	-	5,220	16,143
	<u>\$ 1,400,310</u>	<u>\$ 403,288</u>	<u>\$ 997,022</u>	<u>\$ 375,728</u>	<u>\$ 1,400,310</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 matures October 2023, requires monthly minimum lease payments of \$467, has a nominal interest rate of 1.99%, and includes a buyout option at the end of the lease. This lease is secured by the transit van under capital lease (Note 8).

The scheduled principal repayments on the capital leases for the next four years are as follows:

2024	\$ 403,288
2025	414,997
2026	383,682
2027	<u>198,343</u>
	<u>\$ 1,400,310</u>



**13. Long-term debt**

		<b>2023</b>	<b>2023</b>	2022	2022
	Total	Current Portion	Deferred Portion	Current Portion	Deferred Portion
FCL LOC <sup>(1)(2)</sup>	<u>\$ 7,997,533</u>	<u>\$ 1,697,533</u>	<u>\$ 6,300,000</u>	<u>\$ 131,435</u>	<u>\$ 2,200,000</u>

<sup>(1)</sup> FCL line of credit, bearing interest at prime rate, (6.7%) (2022 - 2.45%) 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, 2022 - December 1, 2023	\$ 2,200,000
December 1, 2023 - December 1, 2024	1,100,000

<sup>(2)</sup> FCL line of credit, bearing interest at prime rate, (6.7%) (2022 - 2.45%) 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, 2022 - June 30, 2023	\$ 5,850,000
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

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

2024	\$ 1,697,533
2025	1,750,000
2026	650,000
2027	650,000
2028	650,000
Subsequent payments	<u>2,600,000</u>
	<u>\$ 7,997,533</u>





**Swan Valley Consumers Cooperative Limited**  
**Notes to the Financial Statements**  
**For the Year Ended January 31, 2023**

**14. Share capital**

Authorized, unlimited @ \$1	2023	2022
Balance, beginning of year	\$ 17,235,056	\$ 16,437,247
Allocation to members	2,732,890	2,665,559
Cash from new members	2,460	1,770
GST on allocation	49,434	24,518
Shares transferred from reserves	14,648	4,181
	<u>20,034,488</u>	<u>19,133,275</u>
General repayment	1,588,287	1,176,693
Shares transferred to reserves	17,625	26,577
Withdrawals and retirements	782,512	538,465
Withholding tax	337,554	156,484
	<u>2,725,978</u>	<u>1,898,219</u>
Balance, end of year	<u>\$ 17,308,510</u>	<u>\$ 17,235,056</u>

**15. Reserves and retained savings**

	Special Reserve	General Reserve	Retained Savings	2023	2022
Balance, beginning of year	\$ 5,221,575	\$ 9,035,483	\$ 4,002,558	\$ 18,259,616	\$ 16,239,129
Net savings distributed to retained savings	-	-	5,722,864	5,722,864	4,663,650
Patronage allocation	-	-	(2,732,890)	(2,732,890)	(2,665,559)
Shares transferred	-	2,977	-	2,977	22,396
Reserve transfers	-	558,552	(558,552)	-	-
Balance, end of year	<u>\$ 5,221,575</u>	<u>\$ 9,597,012</u>	<u>\$ 6,433,980</u>	<u>\$ 21,252,567</u>	<u>\$ 18,259,616</u>



**16. Sales**

	2023	2022
Consumer products	\$ 32,409,275	\$ 30,370,078
Petroleum and agro	<u>99,447,946</u>	<u>74,155,900</u>
	<u>\$ 131,857,221</u>	<u>\$ 104,525,978</u>

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

**17. Government assistance**

In response to the negative economic impact of COVID-19 the Government of Canada announced the CEWS program in April 2020. CEWS provides wage subsidies on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, which includes demonstration of revenue declines as a result of COVID-19.

The Cooperative has not applied for nor received funds under the CEWS program this year (2022 - \$45,939) which has been reflected as a reduction to operating and administration expenses.

**18. Net interest**

	2023	2022
Interest expense on		
- Short-term debt	\$ 202,518	\$ 34,716
- Long-term debt	220,157	44,163
- Obligation under capital lease	70,364	86,523
Interest revenue	<u>(285,110)</u>	<u>(196,062)</u>
	<u>\$ 207,929</u>	<u>\$ (30,660)</u>

**19. 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 \$287,712 (2022 - \$285,636) of expense relating to the plan. There were no significant changes to the rate of employer contributions during the year.



**20. 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:

	<b>2023</b>	<b>2022</b>
Savings before income taxes	\$ 5,585,523	\$ 5,597,100
Expected income tax expense at the combined tax rate of 27.0% (2022 - 27.0%) net of the general rate reduction	1,508,091	1,511,217
Decrease in income tax expense resulting from:		
Non-taxable income and non-deductible expense	(66,542)	(62,753)
Patronage allocation to members of \$2,732,890 (2022 - \$2,665,559)	(737,880)	(719,701)
Income or expenses claimed in different periods for income tax purposes:		
Depreciation in excess of capital cost allowance	-	193,061
Capital cost allowance in excess of depreciation	(432,755)	-
Allowance for doubtful accounts	(14,416)	14,416
Other items that impact income taxes:		
Manufacturing and Processing Investment Tax Credit	(309,291)	(1,945)
Prior year tax adjustment	(84,548)	(845)
Income tax expense (recovery)	<u>\$ (137,341)</u>	<u>\$ 933,450</u>



**21. Subsequent event**

**Patronage allocation to members**

Subsequent to January 31, 2023 the Board of Directors approved a patronage allocation to members in the amount of \$2,732,890 (2022 - \$2,665,559).

**22. Commitment**

The Cooperative is committed to the completion of an administrative office renovation. The estimated total cost of the project is \$1,100,000 of which \$81,637 has been set up as assets under construction. This project will be financed by operations.

**23. Other item**

A fire at the Agro maintenance shed in Swan River on January 13, 2022 resulted in the loss of the building, inventory, equipment and vehicles at that location. Estimated insurance proceeds covering the replacement of the equipment have been recognized at January 31, 2023 as follows:

	<b>2023</b>
Insurance proceeds	\$ 1,192,097
Net carrying cost of property and equipment destroyed	<u>(492,000)</u>
	<u><u>\$ 700,097</u></u>

**24. Comparative figures**

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



**Swan Valley Consumers Cooperative Limited**  
**Unaudited Statistical Information**  
**For the Year Ended January 31, 2023**

**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,	2014	\$ 1,165,214,766	\$ 60,077,402	5.2
	2015	77,873,387	4,519,918	5.8
	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
		<u>\$ 1,975,736,347</u>	<u>\$ 96,823,355</u>	<u>4.9</u>

**Membership**

Members purchasing during the year	5,242
Inactive members	<u>1,192</u>
Total members	<u>6,434</u>







### Board of Directors

Director	Address	Office	Term Expires
John Sandborn	Benito	Director	2023
Lorna Jean Munro	Mafeking	Director	2023
Kevin Kirkpatrick	Swan River	Director	2023
Don Hagman	Swan River	Director	2024
Lorne Shevernoha	Swan River	Board Secretary	2024
Gary Bartel	Mintonas	Director	2024
Jacque Mydynski-Arp	Swan River	Director	2025
Jessica Lacasse	Swan River	Vice President	2025
Larry TerHorst	Kenville	President	2025

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

		Years of Service
John Sandborn	Benito	29
Lorna Jean Munro	Mafeking	11
Kevin Kirkpatrick	Swan River	3

Up for re-election this year are Lorna Munro & Kevin Kirkpatrick. John Sandborn is stepping off the board.





## President's Report

Your Swan Valley Co-op recorded sales of over \$131 million during the 2022 fiscal year with net savings of \$5.72 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 2022 year there were 246 new membership applications, total member cash repayments of \$2.37 million and an equity allocation of \$2.67 million to members based on 2021 purchases.

Looking forward to 2023, an allocation of \$2.73 million to members based on 2022 purchases has been approved. This allocation will be based on 1.75% of Food purchases, 1.75% of Agro purchases and 3.5% of Petroleum purchases. In June 2023, a cash repayment of \$1.12 million will be made to members based on 45% of the current year's allocation.

Each year there are challenges, both planned and unexpected, that our team must deal with while maintaining service to our members. This past year, for example, the Agro division saw some major changes to assets at the Swan River site. A fire in January 2022 destroyed a storage building as well as equipment and several vehicles. The team responded by taking on the challenge to replace and upgrade the structures and equipment and maintain customer service throughout the rebuild process. 2022 also saw the opening of the new fertilizer facility which greatly enhanced the ability to provide efficient service to our members. The team took on the challenge of learning and integrating the new system into our existing facilities. I wish to thank our entire Co-op team for being able to respond to challenges while striving to maintain excellent service to our members. I also wish to thank you, the members, for your patience and continued patronage when our team is dealing with challenges that arise.

Your Board of Directors held 11 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 FCL hosted its information meetings and AGM in person. This allowed several our directors to attend the June District 5 meeting at Elkhorn Resort as well as the Fall Leaders Conference in Saskatoon. Delegates attending the FCL's 94th AGM in Saskatoon were Jessie Lacasse, John Sandborn, and Larry TerHorst.

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 \$131 million in sales which is a record and achieved strong net savings totalling \$5.72 million. The earnings are reflective of the success generated by our teams, despite the disruptive and volatile environment brought on by steep inflation and supply chain factors. My report will highlight our operations in 2022 and plans for 2023 and beyond.

Last year, our Co-op undertook completing signage, lighting and dispenser upgrades at our gas bar and cardlock locations in Swan River and completed construction of a 6,000 metric tonne dry fertilizer storage and blending facility that addresses our need for increased storage in this high volume area of our business. We also implemented electronic shelf labels at our food store. This technology allows for a consistent and efficient approach to pricing products, leading to an improved guest experience.

In early 2023, we started renovations to a portion of the former fashion gallery that will improve our facilities and services. Renovations include creating a permanent home for our Click & Collect and food delivery team. The new space will allow our team to work efficiently and collaboratively.

The project will also improve 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 will provide improved access to membership, equity, and credit inquiries. Approximately 4,500 square feet will be redeveloped. Construction is expected to be completed mid 2023. We have also recently completed re-construction of buildings at our SR Agro site that were lost as a result of the January 2022 fire. These continued investments ensure our Co-op remains relevant, in order to provide long term sustainable value to our member owners.

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.

We also launched an exciting new program, Co-op Community Fundamentals, that will help tell our story better in the areas of philanthropy and community investment. In fall of 2022, we added the Co-op gift card fundraising program that gives local community groups the opportunity to raise funds through the sale of gift cards.

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 the vision and direction for our Co-op.

- **We are committed to our team.** We show this commitment by:
  - Investing in learning and development of our team
  - Providing the tools and resources to serve our members safely each day
    - In 2022, we undertook a number of safety initiatives such as updated emergency response plans and a lock out tag out program to safely maintain and repair assets
  - Caring about the well-being of our team and investing in programs such as our Employee & Family Assistance Program and other employee benefits. This includes adding a flexible spending account program in 2023
  
- **We are committed to getting better every day.** We pursue continuous improvement by:
  - Investing in new technology, facilities and assets such as the projects described above
  - Promoting a culture of safety in our workplaces every day
  - Looking at new and existing ways to be efficient, productive and profitable
  - Actively addressing areas of risk to our team and our members' investment
    - For example, in 2022, we began a multi year business continuity project to minimize damaging gaps to the essential services we provide

- **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.
  - Investing in our communities through donations and programs that improve the places where we live, work and play. A great example of this is our multi year naming rights partnership for the Co-op Chalet at Thunderhill. We're excited for the upcoming opening of this legacy facility at the Thunderhill ski development.
  - 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 begin 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 94<sup>th</sup> Annual General Meeting of members of Federated Co-operatives Ltd. (FCL) was held in person on Feb 26<sup>th</sup> and 27<sup>th</sup> 2023 in Saskatoon, SK.

There were 162 retailers with 324 delegates eligible for the AGM. A total of 124 retailers participated with 253 delegates registered, all Co-op directors could choose to participate, but only delegates could vote.

Seven resolutions were presented with one each pertaining to: meeting procedure, FCL director remuneration, by-law changes to number of delegates entitled to vote at district meetings, bylaw changes in eligibility to become a FCL director, detailed numerical results pertaining to elections, hybrid meetings, and resolutions committee terms of reference.

Senior Leadership Team (SLT) presentations were made on Feb 26<sup>th</sup>, 2022, with these being some of the highlights:

- The energy market experienced large swings with inflation and prices which had an impact on the hedging program.
- The Energy Roadmap is a major focus with the acquisition of the Husky Energy assets. FCL completed the sale, adding 171 retail stores to local coops. This acquisition is adding new markets, market share and customers.
- The projected new canola crush plant will supply product to the planned renewable diesel facility near the Co-op Refinery Complex at Regina.
- Hydrogen and renewable diesels will ensure our energy and ag divisions are strong into the future.
- Our investment and relationship with the Western Canadian agricultural sector is our main advantage in making long term plans, including through challenging regulatory changes and the carbon reducing initiatives.
- FCL is well prepared to meet the regulatory demands and serve energy and ag members for decades to come.
- Recognition and consideration was given to acknowledging challenging geopolitical changes in cohesion regarding not only to international trade, but also within local communities.

FCL CEO, Heather Ryan, shared that Co-ops were founded on the values of working together and focusing on solutions. She also mentioned that now more than ever, these values are important in carrying out business and relationships, even through episodes of conflict.

### District 5 (Manitoba) Update

- Richard Stephanson was elected as District 5 director on the FCL Board at the AGM.
- Matthew Heide of Boundary Co-op was elected to the Resolutions Committee for a 2 (two) year term. David Kendall, North of 53 Co-op has a 1 (one) year term remaining.
- Mark Needham of Arctic Co-op has a 1 (one) year position on the Nominations Committee
- Jessie Lacasse of Swan Valley Co-op was elected to a 2 (two) year term on the Nominations Committee.

Submitted by: Jessie Lacasse, Swan Valley Co-op Delegate

