



# **ANNUAL REPORT**

## **2021**

Slocan Valley  
Co-operative Association

## Management's Responsibility

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To the Members of Slocan Valley Co-operative Association:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for private enterprises 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 Co-operative. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, internal auditors, and external auditors. The Board is also responsible for recommending the appointment of the Co-operative's external auditors.

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

February 9, 2022



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General Manager

## Independent Auditor's Report

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To the Members of Slocan Valley Co-operative Association:

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Slocan Valley Co-operative Association (the "Co-operative"), which comprise the balance sheet as at October 31, 2021, and the statements of net savings and retained savings and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Co-operative as at October 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Co-operative in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Co-operative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Co-operative's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent Auditor's Report *(continued from previous page)*

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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 Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saskatoon, Saskatchewan

February 9, 2022

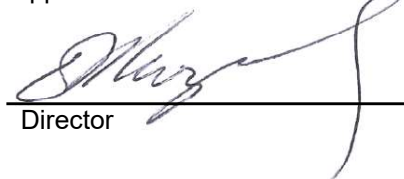
*MNP LLP*

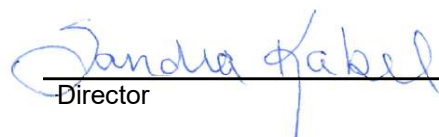
Chartered Professional Accountants

**Slocan Valley Co-operative Association**  
**Balance Sheet**  
**As at October 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 583,669	\$ 930,594
FCL special deposit (Note 4(a))	1,660,533	567,411
Accounts receivable	775,103	675,629
- Customer (Note 5)	39,935	16,326
- Other	109,331	123,052
Income taxes recoverable	831,874	665,592
Inventories	1,922	-
Prepaid expenses	<u>4,002,367</u>	<u>2,978,604</u>
<b>Investments</b>		
Federated Co-operatives Limited (Note 4(b))	2,261,721	1,793,193
Other organizations	8,063	7,864
<b>Property, plant and equipment</b> (Note 6)	<u>2,216,286</u>	<u>2,290,045</u>
<b>Total assets</b>	<u><b>\$ 8,488,437</b></u>	<u><b>\$ 7,069,706</b></u>
<b>Current liabilities</b>		
Accounts payable and trust liabilities (Note 8)	\$ 2,013,108	\$ 1,373,848
Customer prepaid accounts	1,340	58,058
Current portion of callable debt (Note 9)	-	22,940
	<u>2,014,448</u>	<u>1,454,846</u>
Callable debt (Note 9)	-	26,323
<b>Total liabilities</b>	<u>2,014,448</u>	<u>1,481,169</u>
<b>Members' equity</b>		
Share capital (Note 10)	1,702,371	1,470,901
Reserves and retained savings (Note 11)	4,771,618	4,117,636
	<u>6,473,989</u>	<u>5,588,537</u>
<b>Total liabilities and members' equity</b>	<u><b>\$ 8,488,437</b></u>	<u><b>\$ 7,069,706</b></u>
Subsequent events (Note 18)		

Approved on behalf of the Board of Directors

  
 Director

  
 Director

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



**Slocan Valley Co-operative Association**  
**Statement of Net Savings and Statement of Retained Savings**  
**For the Year Ended October 31, 2021**

	<b>2021</b>	<b>%</b>	<b>2020</b>	<b>%</b>
<b>Sales</b> (Note 12)	\$ 17,287,189	100.0	\$ 15,309,210	100.0
<b>Cost of goods sold</b>	<u>15,649,453</u>	<u>90.5</u>	<u>13,865,545</u>	<u>90.6</u>
<b>Gross margin</b>	<u>1,637,736</u>	<u>9.5</u>	<u>1,443,665</u>	<u>9.4</u>
<b>Expenses</b>				
Operating and administration	1,490,729	8.6	1,503,445	9.8
Net interest (Note 14)	<u>(24,558)</u>	<u>(0.1)</u>	<u>(24,371)</u>	<u>(0.2)</u>
	<u>1,466,171</u>	<u>8.5</u>	<u>1,479,074</u>	<u>9.6</u>
<b>Savings (loss) from operations</b>	171,565	1.0	(35,409)	(0.2)
FCL loyalty program (Note 4(d)(ii))	468,437	2.7	462,956	3.0
Patronage refunds	<u>576,541</u>	<u>3.3</u>	<u>28,677</u>	<u>0.2</u>
<b>Savings before income taxes</b>	1,216,543	7.0	456,224	3.0
Income taxes (Note 16)	<u>108,950</u>	<u>0.6</u>	<u>18,442</u>	<u>0.1</u>
<b>Net savings</b>	<u><b>\$ 1,107,593</b></u>	<u>6.4</u>	<u><b>\$ 437,782</b></u>	<u>2.9</u>
 <b>Retained savings, beginning of year</b>	 \$ -		 \$ -	
Net savings	1,107,593		437,782	
Transfer to general reserve (Note 11)	(653,982)		(171,257)	
Patronage allocation to members (Note 10)	<u>(453,611)</u>		<u>(266,525)</u>	
<b>Retained savings, end of year</b> (Note 11)	<u><b>\$ -</b></u>		<u><b>\$ -</b></u>	

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



**Slocan Valley Co-operative Association**  
**Statement of Cash Flows**  
**For the Year Ended October 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Net savings	\$ 1,107,593	\$ 437,782
Adjustments for:		
Depreciation	255,214	251,986
FCL patronage refund	(576,342)	(28,485)
Loss (gain) on the disposal of property, plant, and equipment	(8,004)	546
Changes in non-cash operating working capital:		
Accounts receivable	(123,083)	213,334
Income taxes recoverable	13,721	(70,008)
Inventories	(166,282)	92,383
Prepaid expenses	(1,922)	
Accounts payable and trust liabilities	639,260	(860,052)
Customer prepaid accounts	(56,718)	43,943
Cash provided by operating activities	<u>1,083,437</u>	<u>81,429</u>
<b>Investing activities</b>		
Redemption of FCL shares	107,814	798,289
Additions to property, plant and equipment	(182,172)	(191,184)
Proceeds from the disposal of property, plant and equipment	8,721	-
Investment in other organizations	(199)	(192)
Cash provided by (used for) investing activities	<u>(65,836)</u>	<u>606,913</u>
<b>Financing activities</b>		
Repayment of callable debt	(49,263)	(22,090)
Share capital issued	2,600	2,600
GST on allocation	11,223	20,018
Redemption of share capital	(235,964)	(352,568)
Cash used for financing activities	<u>(271,404)</u>	<u>(352,040)</u>
<b>Net increase in cash and cash equivalents</b>	<b>746,197</b>	<b>336,302</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,498,005</b>	<b>1,161,703</b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 2,244,202</u></b>	<b><u>\$ 1,498,005</u></b>
Cash and cash equivalents are comprised of:		
Cash and cash equivalents	\$ 583,669	\$ 930,594
FCL special deposit	1,660,533	567,411
	<b><u>\$ 2,244,202</u></b>	<b><u>\$ 1,498,005</u></b>

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



**Slocan Valley Co-operative Association**  
**Notes to the Financial Statements**  
**For the Year Ended October 31, 2021**

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**1. Incorporation and operations**

Slocan Valley Co-operative Association ("the Co-operative") was incorporated under the Co-operatives Act of British Columbia on September 18, 1957. The primary business of the Co-operative is operating retail food and petroleum outlets in Slocan Valley and area, British Columbia.

**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, income taxes, 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 Co-operative's financial year ends on the Saturday closest to October 31.

**(b) Cash and cash equivalents**

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

**(c) Inventories**

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

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

**(d) Investments**

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





**Slocan Valley Co-operative Association**  
**Notes to the Financial Statements**  
**For the Year Ended October 31, 2021**

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**(e) Financial instruments**

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

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

**(f) Property, plant and equipment**

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

Buildings	Straight-line & declining balance	25 years & 10%
Parking lots	Declining balance	4% & 8%
Tanks	Declining balance	20%
Furniture & equipment	Straight-line & declining balance	5 years & 20% - 100%
Vehicles	Declining balance	15% & 30%

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

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

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

**(g) Share capital**

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

**(h) Revenue recognition**

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

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



**Slocan Valley Co-operative Association**  
**Notes to the Financial Statements**  
**For the Year Ended October 31, 2021**

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**(i) Income taxes**

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

**(j) Government assistance**

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

**3. Financial instruments and risk management**

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

**(a) Credit risk**

The Co-operative is exposed to credit risk on accounts receivable from its customers. The Co-operative manages credit risk through an active credit management program. Two customers account for 31.1% (2020 - three customers accounted for 50.8%) 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 Co-operative's sensitivity to fluctuations in interest rates is limited to its cash and funds on deposit. The Co-operative manages its exposure to interest rate risk through floating rate deposits.

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

**(a) FCL special deposit**

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



**Slocan Valley Co-operative Association**  
**Notes to the Financial Statements**  
**For the Year Ended October 31, 2021**

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**(b) Patronage refund**

The Co-operative, along with other Co-operatives in Western Canada, own FCL. At the end of each year, FCL divides a substantial portion of its net savings among these retail Co-operatives in proportion to the business done by each with FCL. During FCL's fiscal year ended October 31, 2021 the Co-operative purchased goods amounting to \$11,699,609 (2020 - \$9,559,405) from FCL in the normal course of operations.

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

	2021	2020
Opening investment balance	\$ 1,793,193	\$ 2,562,997
Patronage refund	576,342	28,485
Share redemptions	<u>(107,814)</u>	<u>(798,289)</u>
Closing investment balance	<u>\$ 2,261,721</u>	<u>\$ 1,793,193</u>

**(c) Asset retirement obligation**

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

**(d) Purchase commitments**

(i) Under the terms of the agreement with FCL, the Co-operative has committed to purchase petroleum products, at market price, from FCL for its gas bar and cardlock operations over a ten year period commencing from March 2013. Failure to meet this commitment would require the Co-operative to immediately pay outstanding gas bar and cardlock loan balances owed to FCL, plus repay any gas bar and cardlock grants received, including interest on the grants compounded annually at 10% from the grant date. Total grants received during this period amounted to approximately \$1,580,200 (2020 - \$1,580,200). Management intends to fulfill all existing contracts with FCL.

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

**5. Accounts receivable - customer**

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



**Slocan Valley Co-operative Association**  
**Notes to the Financial Statements**  
**For the Year Ended October 31, 2021**

**6. Property, plant and equipment**

Description	Original Cost	Accumulated Depreciation	2021 Book Value	2020 Book Value
Land	\$ 351,165	\$ -	\$ 351,165	\$ 351,165
Buildings	1,565,914	648,388	917,526	967,033
Parking lots	679,717	313,859	365,858	397,299
Tanks	1,034,276	798,737	235,539	286,739
Furniture & equipment	962,760	763,994	198,766	168,566
Vehicles	625,863	478,431	147,432	119,243
Total	<u>\$ 5,219,695</u>	<u>\$ 3,003,409</u>	<u>\$ 2,216,286</u>	<u>\$ 2,290,045</u>

Depreciation for the current year included in operating and administration expense was \$255,214 (2020 - \$251,986).

**7. Line of credit**

The Co-operative has a \$200,000 line of credit of which no amount has been drawn as at October 31, 2021 (2020 - \$nil). The line of credit is secured by a mortgage with the credit union, a general security agreement over all assets, and an environmental indemnity agreement. Interest on the line of credit is prime plus 2% (5.2%).

**8. Accounts payable and trust liabilities**

	2021	2020
FCL payables	\$ 1,809,493	\$ 1,241,251
Other payables	186,418	116,034
Trust liabilities:		
Payroll deductions	5,734	6,818
Provincial sales tax	11,463	9,745
	<u>\$ 2,013,108</u>	<u>\$ 1,373,848</u>

**9. Callable debt**

Total	2021 Current portion	2021 Deferred portion	2020 Current portion	2020 Deferred portion
Credit Union Mortgage <sup>1</sup>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,940</u>	<u>\$ 26,323</u>

<sup>1</sup> The Credit Union mortgage was repaid during the year.



**Slocan Valley Co-operative Association**  
**Notes to the Financial Statements**  
**For the Year Ended October 31, 2021**

**10. Share capital**

Authorized, unlimited @ \$25	2021	2020
Balance, beginning of year	\$ 1,470,901	\$ 1,534,301
Allocation to members	453,611	266,525
Cash from new members	2,600	2,600
Shares transferred from reserves	-	25
GST on allocation	11,223	20,018
	<u>1,938,335</u>	<u>1,823,469</u>
General repayment	168,027	281,981
Withdrawals and retirements	40,669	16,793
Withholding tax	27,268	53,794
	<u>235,964</u>	<u>352,568</u>
Balance, end of year	<u>\$ 1,702,371</u>	<u>\$ 1,470,901</u>

**11. Reserves and retained savings**

	General Reserve	Retained Savings	2021	2020
Balance, beginning of year	\$ 4,117,636	\$ -	\$ 4,117,636	\$ 3,946,404
Net savings distributed to retained savings	-	1,107,593	1,107,593	437,782
Patronage allocation	-	(453,611)	(453,611)	(266,525)
Shares transferred	-	-	-	(25)
Reserve transfers	<u>653,982</u>	<u>(653,982)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 4,771,618</u>	<u>\$ -</u>	<u>\$ 4,771,618</u>	<u>\$ 4,117,636</u>

**12. Sales**

	2021	2020
General Store	\$ 6,879,165	\$ 6,366,203
Petroleum	<u>10,408,024</u>	<u>8,943,007</u>
	<u>\$ 17,287,189</u>	<u>\$ 15,309,210</u>

All sales are to external customers and no single customer accounts for more than 10% of sales (2020 - one for 10.4%).



**Slocan Valley Co-operative Association**  
**Notes to the Financial Statements**  
**For the Year Ended October 31, 2021**

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**13. Government assistance**

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

The Co-operative has determined that it has qualified for the TWS and CEWS. The Co-operative has applied for and has received \$86,657 (2020 - \$87,138) which has been reflected as a reduction to operating and administration expenses.

**14. Net interest**

	2021	2020
Interest expense on		
- Short-term debt	\$ -	\$ 50
- Long-term debt	731	2,366
Interest revenue	<u>(25,289)</u>	<u>(26,787)</u>
	<u>\$ (24,558)</u>	<u>\$ (24,371)</u>

**15. Pension plan**

The Co-operative participates in a multi-employer defined contribution plan whereby the Co-operative and participating employees contribute equal amounts up to the maximum allowed under the Income Tax Act. The Co-operative has no unfunded liability under this plan. During the year, the Co-operative recorded \$22,453 (2020 - \$24,398) of expense relating to the plan. There were no significant changes to the rate of employer contributions during the year.

**16. Income taxes**

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

	2021	2020
Savings before income taxes	\$ 1,216,543	\$ 456,224
Expected income tax expense at the combined tax rate of 15.6% (2020 - 11.0%) net of the small business	189,780	50,185
Increase (decrease) in income tax expense resulting from:		
Non-taxable income and non-deductible expense	(1,438)	65
Patronage allocation to members of \$453,562 (2020 - \$266,525)	(70,756)	(29,318)
Income or expenses claimed in different periods for income tax purposes:		
Capital cost allowance in excess of depreciation	<u>(8,636)</u>	<u>(2,490)</u>
Income tax expense	<u>\$ 108,950</u>	<u>\$ 18,442</u>



**Slocan Valley Co-operative Association**  
**Notes to the Financial Statements**  
**For the Year Ended October 31, 2021**

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**17. Economic conditions**

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Co-operative as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**18. Subsequent events**

**(a) Patronage allocation to members**

Subsequent to October 31, 2021 the Board of Directors approved a patronage allocation to members in the amount of \$453,562 (2020 - \$266,525).

**(b) Share redemption**

Subsequent to October 31, 2021 the Board of Directors approved a redemption of shares in the amount of \$284,396 (2020 - \$168,027).



**Slocan Valley Co-operative Association**  
**Statistical Information**  
**For the Year Ended October 31, 2021**

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**Record of Sales and Net Savings**

	<u>Year</u>	<u>Sales</u>	<u>Net Savings <sup>(1)</sup></u>	<u>%</u>
From November 1, 2005 to October 31,	2012	57,862,685	2,062,301	3.6
	2013	10,809,108	251,772	2.2
	2014	11,850,480	293,315	2.4
	2015	10,880,410	347,407	3.2
	2016	11,489,945	397,942	3.5
	2017	13,494,466	455,225	3.3
	2018	16,700,019	1,171,259	7.0
	2019	18,053,483	1,116,447	6.2
	2020	15,309,210	437,782	2.9
	2021	<u>17,287,189</u>	<u>1,107,593</u>	<u>6.4</u>
		<u>\$ 183,736,995</u>	<u>\$ 7,641,043</u>	<u>4.2</u>

<sup>(1)</sup> 2010 and prior years - savings is before income taxes and patronage refund to members.

**Membership**

Members purchasing during the year	2,356
Inactive members	<u>786</u>
Total members	<u>3,142</u>





## Slocan Valley Co-operative Association

Directors and Officers  
For the Year Ended October 31, 2021

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<b>Position</b>	<b>Name</b>	<b>Address</b>	<b>Year Term Expires</b>
President	Derek Murphy	Slocan Park, BC	2023
Vice-President	Sandra Kabel	Slocan Park, BC	2022
Secretary	Doug Baxter	Slocan Park, BC	2022
Manager	Chris Sapriken	Slocan Park, BC	
Director	Brad Braun	Winlaw, BC	2023
Director	Craig Lisk	Bonnington, BC	2024
Director	Leo Mitrunen	Winlaw, BC	2024
Director	Fred Padowinikoff	Slocan Park, BC	2022



