



ANNUAL REPORT 2021

Four Rivers Co-operative

Management's Responsibility

To the Members of Four Rivers Co-operative:

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 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.



Allan Bieganski, CPA,CGA



Glenn Currie

Independent Auditor's Report

To the Members of Four Rivers Co-operative:

Opinion

We have audited the financial statements of Four Rivers Co-operative (the "Co-operative"), which comprise the balance sheet as at December 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 December 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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

Abbotsford, British Columbia

March 26, 2022

MNP LLP
Chartered Professional Accountants

Four Rivers Co-operative
Balance Sheet
As at December 31, 2021

	2021	2020
Current assets		
Cash and cash equivalents	\$ 4,516,649	\$ 2,315,705
FCL special deposit (Note 4 (a))	18,882,149	8,878,556
Accounts receivable	21,243,767	17,468,641
- Customer (Note 5)	4,694,993	3,235,585
- Other	12,332,272	11,611,056
Inventories	422,497	408,185
Prepaid expenses	125,300	26,484
Current portion of long-term receivable (Note 16)	62,217,627	43,944,212
Long-term receivable (Note 16)	392,869	480,430
Investments		
Federated Co-operatives Limited (Note 4 (b))	41,541,626	39,748,520
Other organizations, at cost	34,244	33,672
Property, plant and equipment (Note 6)	37,210,542	40,450,080
Total assets	\$ 141,396,908	\$ 124,656,914
Current liabilities		
Trust liabilities (Note 8)	\$ 133,926	\$ 288,433
Accounts payable	22,130,422	19,609,197
- FCL	1,857,267	1,648,606
- Other	1,949,811	929,560
Customer prepaid accounts	1,158,569	118,146
Income taxes payable	27,229,995	22,593,942
Asset retirement obligation (Note 4 (c))	292,139	282,109
Total liabilities	27,522,134	22,876,051
Members' equity		
Share capital (Note 9)	47,190,985	41,155,565
Reserves and retained savings (Note 10)	66,683,789	60,625,298
	113,874,774	101,780,863
Total liabilities and members' equity	\$ 141,396,908	\$ 124,656,914

Subsequent event (Note 14)

Comparatives (Note 18)

Approved on behalf of the Board of Directors



 Director



 Director

The accompanying notes are an integral part of these financial statements



Four Rivers Co-operative
Statement of Net Savings and Statement of Retained Savings
For the Year Ended December 31, 2021

	2021	%	2020	%
Sales (Note 11)	\$ 258,910,824	100.0	\$ 195,869,320	100.0
Cost of goods sold	<u>237,481,909</u>	<u>91.7</u>	<u>180,080,104</u>	<u>91.9</u>
Gross margin	<u>21,428,915</u>	<u>8.3</u>	<u>15,789,216</u>	<u>8.1</u>
Expenses				
Operating and administration	20,777,915	8.0	19,817,680	10.1
Interest revenue	<u>(575,923)</u>	<u>(0.2)</u>	<u>(646,910)</u>	<u>(0.3)</u>
	<u>20,201,992</u>	<u>7.8</u>	<u>19,170,770</u>	<u>9.8</u>
Income (loss) from operations	1,226,923	0.5	(3,381,554)	(1.7)
FCL loyalty program	7,446,151	2.9	6,808,339	3.50
Patronage refunds	<u>9,740,378</u>	<u>3.8</u>	<u>819,124</u>	<u>0.4</u>
	<u>17,186,529</u>	<u>6.6</u>	<u>7,627,463</u>	<u>3.9</u>
Savings before income taxes	18,413,452	7.2	4,245,909	2.2
Income taxes (Note 13)	<u>2,619,595</u>	<u>1.0</u>	<u>240,984</u>	<u>0.1</u>
Net savings	<u>\$ 15,793,857</u>	<u>6.2</u>	<u>\$ 4,004,925</u>	<u>2.1</u>
Retained savings, beginning of year	\$ 200,000		\$ 200,000	
Net savings	15,793,857		4,004,925	
Transfer to general reserve (Note 10)	(6,059,109)		(997,941)	
Patronage allocation to members (Note 14)	<u>(9,734,748)</u>		<u>(3,006,984)</u>	
Retained savings, end of year (Note 10)	<u>\$ 200,000</u>		<u>\$ 200,000</u>	

The accompanying notes are an integral part of these financial statements



Four Rivers Co-operative
Statement of Cash Flows
For the Year Ended December 31, 2021

	2021	2020
Operating activities		
Net savings	\$ 15,793,857	\$ 4,004,925
Adjustments for:		
Depreciation	4,130,475	4,296,249
Accretion	10,030	9,649
FCL patronage refund	(9,734,194)	(813,209)
Gain on the disposal of property, plant and equipment	(299,564)	(10,882)
Changes in non-cash operating working capital:		
Accounts receivable	(5,234,534)	7,366,509
Income tax payable (recoverable)	1,040,423	965,166
Inventories	(721,216)	(1,675,310)
Prepaid expenses	(14,312)	(66,522)
Long-term receivable	(11,255)	194,810
Trust liabilities	(154,507)	127,695
Accounts payable	2,729,886	2,491,026
Customer prepaid accounts	1,020,251	1,179,159
Cash provided by (used for) operating activities	<u>8,555,340</u>	<u>18,069,265</u>
Investing activities		
Redemption of FCL shares	7,941,088	731,888
Additions to property, plant and equipment	(1,037,693)	(11,907,061)
Proceeds from the disposal of property, plant and equipment	446,320	57,530
Investment in other organizations	(572)	2
Cash provided by (used for) investing activities	<u>7,349,143</u>	<u>(11,117,641)</u>
Financing activities		
Share capital issued	12,690	10,650
GST on allocation	131,431	368,508
Redemption of share capital	(3,844,067)	(6,785,550)
Cash used for financing activities	<u>(3,699,946)</u>	<u>(6,406,392)</u>
Net increase in cash and cash equivalents	12,204,537	545,232
Cash and cash equivalents, beginning of year	11,194,261	10,649,029
Cash and cash equivalents, end of year	\$ 23,398,798	\$ 11,194,261
Cash and cash equivalents are comprised of:		
Cash and cash equivalents	\$ 4,516,649	\$ 2,315,705
FCL special deposit	18,882,149	8,878,556
	\$ 23,398,798	\$ 11,194,261

The accompanying notes are an integral part of these financial statements



Four Rivers Co-operative
Notes to the Financial Statements
For the Year Ended December 31, 2021

1. Incorporation and operations

Four Rivers Co-operative ("the Co-operative") was incorporated under the Co-operatives Act of British Columbia on August 2, 1944 under the name of Vanderhoof and Districts Co-operative Association. On May 11, 2017, the Co-operative formally changed its name to Four Rivers Co-operative.

The primary business of the Co-operative is operating retail agricultural, food, and petroleum outlets in the north central region of British Columbia.

Impact of COVID-19

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation and quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company 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.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises (ASPE) and are in accordance with Canadian generally accepted accounting principles as applicable to a going concern which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

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 December 31, the 2021 fiscal year was 52 weeks (2020 - 53 weeks).

(b) Cash and cash equivalents

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

(c) Inventories

Inventories are valued using a weighted average cost formula, 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. Inventories are the only component of cost of sales.



Four Rivers Co-operative
Notes to the Financial Statements
For the Year Ended December 31, 2021

(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).

(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 are adjusted by transaction costs incurred on acquisition and financing costs, which are subsequently measured at amortized cost.

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	25 years
Pavement	Declining balance	8%
Tanks	Declining balance	20%
Furniture & equipment	Declining balance	20%
Vehicles	Declining balance	30%
Computer equipment	Straight-line & declining balance	3 years, 30% - 100%
Truck tanks	Declining balance	15%
Fence	Declining balance	10%
Leasehold improvements	Declining balance	33%
Asset retirement costs	Straight-line	20 - 35 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.



Four Rivers Co-operative
Notes to the Financial Statements
For the Year Ended December 31, 2021

(g) Asset retirement obligation

The Co-operative 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 operations. 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 Co-operative approves an allocation to the 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.

(i) Revenue recognition

The Co-operative recognizes revenue when evidence of an arrangement exists, delivery or change of ownership has occurred, the price to the buyer has been determined and collection is reasonably assured. Patronage allocations are recognized in earnings when allocated to the Co-operative.

(j) Government assistance

Claims for assistance under various government grant programs are recorded as recoveries against the related expense in the year in which eligible expenditures are incurred.

(k) 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.

(l) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The amounts of such items are based upon the Co-operative's best information and judgment. Actual amounts could differ from these estimates.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Significant estimation or judgment is required in the determination of (i) inventories valued at retail and adjusted to cost; (ii) estimated inventory provisions due to spoilage and shrinkage occurring between the last physical inventory count and the balance sheet date; and (iii) estimated inventory provisions associated with vendor allowances and internal charges.

Depreciation is based on the estimated useful lives of property, plant and equipment.



Four Rivers Co-operative
Notes to the Financial Statements
For the Year Ended December 31, 2021

(l) Use of estimates (Continued from previous page)

Asset retirement obligations are calculated based upon assumptions and estimates related to the amount and timing of costs for future removal of fuel tanks and site restoration. Changes to the underlying assumptions and estimates or legislative changes could have a material impact on the provision recognized.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in net savings in the year in which they become known.

(m) 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 fair value of the acquired intangible assets, property, plant and equipment, as well as the liabilities assumed at the date of the acquisition, based on information available at that date.

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

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 Co-operative to obtain control of the subsidiary.

3. Financial instruments and risk management

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

(a) Credit risk

The Co-operative is exposed to credit risk on accounts receivable from its customers. The Co-operative manages credit risk through an active credit management program. The Co-operative does not have a significant exposure to any individual customer.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the 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 FCL special deposit. The Co-operative manages its exposure to interest rate risk through floating rate deposits and borrowings.



Four Rivers Co-operative
Notes to the Financial Statements
For the Year Ended December 31, 2021

(c) Liquidity risk

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

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

(a) FCL special deposit

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

(b) Patronage refund

The Co-operative, along with other Co-operatives in Western Canada, own FCL. At the end of each year, FCL divides a substantial portion of its net savings among these retail Co-operatives in proportion to the business done by each with FCL. During the Co-operative's fiscal year ended December 31, 2021 the Co-operative purchased goods amounting to \$192,875,421 (2020 - \$169,128,399) 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. 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	\$ 39,748,520	\$ 39,667,199
Patronage refund	9,734,194	813,209
Share redemptions	<u>(7,941,088)</u>	<u>(731,888)</u>
Closing investment balance	<u>\$ 41,541,626</u>	<u>\$ 39,748,520</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 18 (2020 - 18) 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. As of December 31, 2021 the Co-operative has accrued a liability in the amount of \$292,139 (2020 - \$282,109). A corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of tanks.

(d) Loyalty program

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.



Four Rivers Co-operative
Notes to the Financial Statements
For the Year Ended December 31, 2021

5. Accounts receivable - customer

Shown net of an allowance for doubtful accounts of \$2,943,349 (2020 - \$2,827,816).

6. Property, plant and equipment

	Original Cost	Accumulated Depreciation	2021 Book Value	2020 Book Value
Land	\$ 7,737,252	\$ -	\$ 7,737,252	\$ 7,638,927
Buildings	25,586,381	9,725,352	15,861,029	16,634,176
Pavement	5,616,789	2,467,836	3,148,953	3,423,695
Tanks	11,561,156	7,934,654	3,626,502	5,018,407
Furniture & equipment	7,875,605	5,009,980	2,865,625	3,404,147
Vehicles	6,106,784	4,357,510	1,749,274	2,165,726
Computer equipment	2,163,178	1,963,562	199,616	189,228
Truck tanks	4,705,319	3,000,331	1,704,988	1,737,816
Fence	207,056	135,629	71,427	80,017
Leasehold improvements	418,209	416,776	1,433	2,139
Asset retirement cost	198,878	101,681	97,197	105,876
Assets under construction	147,246	-	147,246	49,926
	<u>\$ 72,323,853</u>	<u>\$ 35,113,311</u>	<u>\$ 37,210,542</u>	<u>\$ 40,450,080</u>

Depreciation for the current year included in operating and administration expense was \$4,130,475 (2020 - \$4,296,249).

7. Line of credit

The Co-operative has a \$4,000,000 (2020 - \$4,000,000) line of credit of which no amount has been drawn as at December 31, 2021. The line of credit bears interest at the bank's prime rate + 0.9% (2020 - prime + 0.9%) and is secured by a Business Security Agreement and a General Security Agreement.

8. Trust liabilities

	2021	2020
Payroll remittances	\$ 133,926	\$ 177,031
Provincial sales tax	-	111,402
	<u>\$ 133,926</u>	<u>\$ 288,433</u>



Four Rivers Co-operative
Notes to the Financial Statements
For the Year Ended December 31, 2021

9. Share capital

Authorized, unlimited @ \$1	2021	2020
Balance, beginning of year	\$ 41,155,565	\$ 44,569,510
Allocation to members	9,734,748	3,006,984
Cash from new members	12,690	10,650
GST on allocation	131,431	368,508
	<u>51,034,434</u>	<u>47,955,652</u>
General repayment	1,877,826	4,900,108
Withdrawals and retirements	1,631,034	845,112
Withholding tax	334,589	1,054,867
	<u>3,843,449</u>	<u>6,800,087</u>
Balance, end of year	<u>\$ 47,190,985</u>	<u>\$ 41,155,565</u>

10. Reserves and retained savings

	General Reserve	Retained Savings	2021	2020
Balance, beginning of year	\$ 60,425,298	\$ 200,000	\$ 60,625,298	\$ 59,612,820
Net savings distributed to retained savings	-	15,793,857	15,793,857	4,004,925
Patronage allocation	-	(9,734,748)	(9,734,748)	(3,006,984)
Reserve transfers	6,059,109	(6,059,109)	-	-
Previous year allocation variance	(618)	-	(618)	14,537
Balance, end of year	<u>\$ 66,483,789</u>	<u>\$ 200,000</u>	<u>\$ 66,683,789</u>	<u>\$ 60,625,298</u>

11. Sales

	2021	2020
Petroleum products	\$ 214,575,686	\$ 167,064,665
Food products	18,278,503	12,026,124
Home and agro products	26,056,635	16,778,531
	<u>\$ 258,910,824</u>	<u>\$ 195,869,320</u>

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



Four Rivers Co-operative
Notes to the Financial Statements
For the Year Ended December 31, 2021

12. 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 \$325,948 (2020 - \$261,308) of expense relating to the plan. There were no significant changes to the rate of employer contributions during the year.

13. 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	\$ 18,413,452	\$ 4,245,909
Expected income tax expense at the combined tax rate of 27.0% (2020 - 27.0%)	4,971,632	1,146,395
Increase (decrease) in income tax expense resulting from:		
Non-taxable income and non-deductible expense	193,802	185,471
Patronage allocation to members of \$9,734,748 (2020 - \$3,006,984)	(2,628,382)	(811,886)
Income or expenses claimed in different periods for income tax purposes:		
Difference in depreciation and capital cost allowance	82,543	(278,996)
Income tax expense	<u>\$ 2,619,595</u>	<u>\$ 240,984</u>

14. Subsequent event

Subsequent to December 31, 2021 the Board of Directors approved a patronage allocation to members in the amount of \$9,734,748 (2020 - \$3,006,984).

15. Operating leases

The Co-operative leases properties to others. The leases are classified as operating leases and rental revenues are included in operating and administrative expenses. The cost of the properties held for leasing purposes are \$486,778 (2020 - \$486,778) and the accumulated depreciation as at December 31, 2021 is \$458,742 (2020 - \$457,574).



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16. Long-term receivable

2021	Total	Current Portion	Deferred Portion
Tempo equipment receivable	\$ 518,169	\$ 125,300	\$ 392,869
		Current Portion	Deferred Portion
2020	Total	Current Portion	Deferred Portion
Tempo equipment receivable	\$ 585,729	\$ 26,484	\$ 559,245

The Co-operative has a long-term receivable covering Tempo equipment facilities. Payments bear no interest and are based on the throughput charge per litre of fuel delivered to the dealer, as well as the cash portion of the current year allocation.

As security for these accounts, the Co-operative holds a personal property security agreement against the equipment.

17. Government subsidies

In March 2020, the Government of Canada announced the introduction of the Canada Emergency Wage Subsidy (CEWS) to support employers that are hardest hit by the pandemic and protect jobs Canadians depend on. The subsidy generally covers up to 75% of an employee's wages (to a maximum) for employers of all sizes and across all sectors who have suffered a drop in gross revenues of certain thresholds. The partnership determined that it would be eligible for the CEWS amount and has applied for such assistance from the Government of Canada. At December 31, 2021, the Company has recorded CEWS subsidies in the amount of \$814,333. This amount has been included as an offset against wages and benefit expense.

18. Comparative figures

Certain comparative figures have been reclassified to confirm with current year presentation.

