

AUGUST 2020

FOUR RIVERS CO-OP UPDATE

Information on our upcoming virtual Annual General Meeting



Four Rivers

TAKING OUR AGM ONLINE

In consideration of the continued presence of the COVID-19 virus, as well as the regulations and recommendations around gatherings, we will be hosting our Annual General Meeting (AGM) virtually. Our virtual AGM is scheduled for Monday, October 19, 2020 at 7:00pm. We recommend that you log in 15 - 30 minutes prior to the meeting time.

To participate in our virtual AGM, we request that members register no later than October 14, 2020. To register, please call (250) 567-4414 or email agm@vhfcoop.com.

Once registered, instructions and log in information will be emailed to you.

ELECTION OF DIRECTORS

The following Directors terms have expired and are now up for election at this AGM:

Terrace District	1 director for a three-year term
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Vanderhoof/Burns Lake/Prince George District	2 directors for three-year terms 1 director for a two-year term
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Nomination packages can be picked up at Administration, Prince George, Quesnel Agro/C-Store, Houston or Terrace Branches. As per Rule 79 (2), nomination forms are required to be submitted to our Co-operative no later than 5:00pm on Monday, October 5, 2020.

SPECIAL RESOLUTIONS

In addition to normal AGM business, our Board of Directors will present Special Resolutions on the following topics:

- To purchase, of those goods available to purchase from Federated Co-operatives Limited (FCL), at least 90% of its total Goods purchased for resale from FCL.
- The registered head office of Four Rivers Co-operative will remain in Vanderhoof, British Columbia.

PRESIDENT'S MESSAGE

Bud Pye

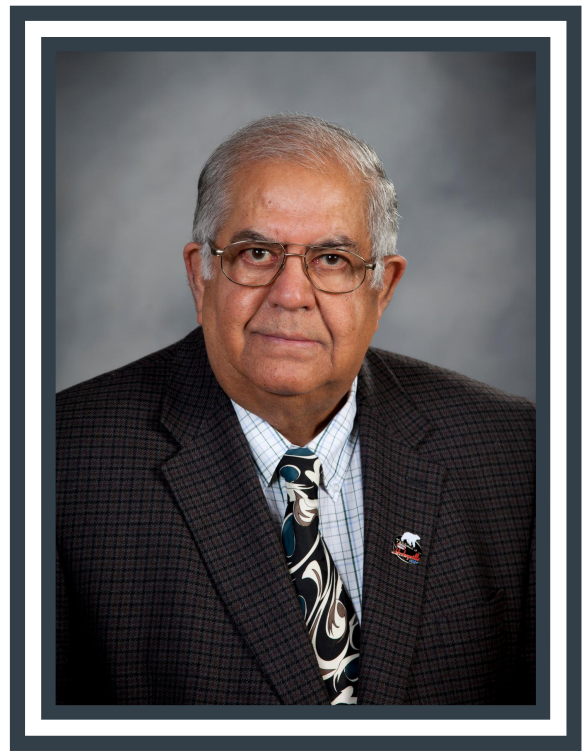
2020 has been an amazing year for Four Rivers Co-op. Although the Coronavirus has been both frustrating and limiting, it has also brought to the forefront just how fortunate we are to have such versatile and dedicated employees. In any year, our business would not survive without frontline workers. But especially this year, employees in all our facilities put their communities and the operation of Four Rivers Co-op first. They have come to work and smiled through the ever-changing rules and guidelines as Canada navigates through the unknown territory of this virus. Add to that, the ever-changing layout at the Vanderhoof Food Store brought about by our renovations and I would say all employees have earned a gold star. Thank you. Thank you. Thank you.

The Management Team, consisting of General Manager Allan Bieganski, Operations Manager Darryl Evans, Controller Glenn Currie, Human Resources Manager Twyla Hale and all the supporting location and commodity managers and office staff have also contributed immensely to the success of the last several months.

It is with sadness that we say goodbye to Nirmal Parmar, long-term board member from Terrace. Nirmal served on the Terrace Co-op Board of Directors and continued serving after Terrace Co-op amalgamated with Vanderhoof Co-op. He was instrumental in completing the amalgamation and helping our Co-op grow. His dedication has been appreciated.

This past year, we also said goodbye to another long-time board member, Marje Makow who passed away in January of this year. She will be greatly missed. Marje served on our Board of Directors for 13 years, and spent most of those years serving as the board's Secretary and provided stability and wisdom.

And thank you of course to all my fellow board members whose guidance and support has been invaluable.



Nirmal Parmar



Marje Makow



Bud



Cathy



Rob



Janice



Colleen



Floyd



LaVerne

GENERAL MANAGER MESSAGE

Allan Bieganski

Dear Members,

Welcome to this Special Edition of Four Rivers Co-op Member Newsletter. As we prepare to have our 2020 Annual Meeting via a Virtual On-line Format, we as the Board and Management thought it was very imperative to create this newsletter to keep our members informed about this upcoming Virtual AGM and other activities happening at your co-operative.

As we all know, the world has changed drastically this year with the spread of the COVID-19 virus and the North Central area of BC, along with Four Rivers Co-operative, have been impacted by these changes. You will have noticed several changes in operations and procedures that we have implemented at our facilities to keep our members and our employees safe during these uncertain times.

We would like to thank the membership for their understanding and patience as we implemented these changes to keep all of us safe. We realize that these changes have been challenging as we are not used to such restrictions in our free society but we considered them necessary to be a responsible corporate citizen and a safe employer.

We want to recognize the huge efforts our employees have gone through implementing these changes and incorporating all the extra care, cleaning and sanitation procedures that we have implemented. In addition, our food store, home centre and Quesnel agro store have been much busier than normal during this time.

The food store was extremely busy during the months of March and April while the general public were stocking up to ensure their food security. This caused unexpected higher demand on food supplies making it a challenging time for the food store employees. They worked hard and diligently to meet our members food demand and they handled themselves very well during this extremely busy period.

The Vanderhoof Home Centre and Quesnel Agro Store have been much busier than normal this spring and summer. Our membership has been supporting both of these locations very well during the last few months to work on the projects around their homes and properties along with securing the feed and animal health requirements for their animals and pets. This has kept these employee teams very busy and they have done a wonderful job of adjusting to this increased member demand.

Our major project for this year is the upgrades to Vanderhoof Food Store and Mall which is a \$6.4 million

project scheduled for completion towards the end of September. These upgrades include:

- All new refrigeration on the sales floor and warehouse areas along with new merchandising fixtures
- Rebuilding a new entrance and exit to the Food Store
- Re-locating the cashier checkout locations to the old foyer location
- Re-developing the bakery, deli and meat departments
- New customer washroom facility within the food store
- New LED light fixtures and new ceiling tiles
- New flooring in the food store
- A new interior décor package to be installed
- Replacing sections of the concrete sidewalk
- New overhead pylon street sign to be installed along Burrard Avenue
- New décor look to the outside of the mall

We are very excited on the changes we are making. For the areas of the store that have already undergone these changes, the results look fantastic! We would like to thank the membership for their patience and understanding as we go through all of these upgrades. We realize that we have moved products around several times to accommodate these changes but your co-operation has been excellent.

Our food store employees have done a very commendable job in going through these changes as well. They have encountered extra work to move products and displays around to get ready for these renovations and they are doing a fantastic job completing these extra tasks. They are truly excited for the new equipment they get to work with along with the new look to the food store. Please join me in thanking these employees for their diligent work during these renovations.

I would like to close off this message by thanking all members for their patronage and support, we always look forward to serving you. Remember, as responsible members of society let's all do our part to minimize the spread of COVID-19 so that we can get back to a more normal lifestyle.

Co-operatively,

Allan Bieganski, CPA, CGA
General Manager

MEMBER RELATIONS REPORT

Cathy Vossler

I am very happy to share with you the great things we have done for our members and communities in 2019.

We celebrated our 75th anniversary with smoker prize packs at all of our outlying locations, and a barbecue with live musical entertainment on August 2nd here in Vanderhoof. The weather was wet, but we had a wonderful turnout and raised over \$1,360.00 for our Bags for Kids Nutrition Program which provides funding to our Vanderhoof schools food programs so that all children have access to nutritious foods every day!

Each year, through our Community Support Fund, we donate \$100,000 to registered charities and non-profit organizations throughout our trading area whose services improve the quality of life within our communities. Ordinarily we would have visited each community to present the recipients with a cheque, which gives us an opportunity to see the impact these groups have on their communities, and meet the amazing and passionate individuals who operate the organizations. Because of the COVID-19 pandemic, and regulations and restrictions on travel and gatherings, we were unable to make all but a couple of cheque presentations this year. However, each group received their funding cheque by mail, and we are so excited to officially announce all of the recipients of the 2019 Community Support Fund.

Here is a list of our recipients for 2019:

- Dr. REM Lee Hospital Foundation in Terrace received \$10,000.
- Lakes District Family Enhancement Society in Burns Lake received \$7,000.

- Loaves and Fishes Outreach Program in 100 Mile House received \$5,000.
- Neighbourlink Vanderhoof Society in Vanderhoof received \$8,000.
- The Open Gate Community Garden Society in McBride received \$800.
- The Pacific Autism Family Centre Society in Prince George received \$15,000.
- The Quesnel Agricultural and Exhibition Society in Quesnel received \$7,500.
- The Quesnel Women's Resource Centre received \$12,000.
- The South Cariboo Health Foundation in 100 Mile House received \$5,000.
- The Spirit of the North Healthcare Foundation in Prince George received \$5,000.
- The Ulh' Coh' Bi'yoh Native Friendship Centre Society in Fort St. James received \$14,000.
- The Valemout Elementary School Parent Advisory Council Society received \$4,000.
- The Vanderhoof Menshed Society received \$7,000.

Other financial assistance we offer to our communities includes annual bursaries, donations to health care, school trips, First Nations organizations, and many, many worthwhile events. In 2019, those "other" donations totaled nearly \$105,000, distributed all across our trading area.

We all should be proud of another great year, thanks to your loyalty and support, great staff, a great management team, and your Board of Directors. Thank you for helping make our communities a better place to live, work, and retire.



Happy 75th anniversary

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, 2019, 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, 2019, 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.

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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.

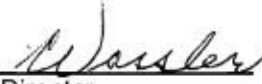
Four Rivers Co-operative
Balance Sheet
As at December 31, 2019

	2019	2018
Current assets		
Cash and cash equivalents	\$ 1,355,473	\$ 709,661
FCL special deposit (Note 4 (a))	9,293,556	7,000,000
Accounts receivable - Customer (Note 5)	24,772,355	22,000,429
- Other	3,765,886	4,638,302
Income taxes recoverable	847,021	344,880
Inventories	9,935,746	10,242,946
Prepaid expenses	341,663	355,726
Current portion of long-term receivable (Note 16)	77,527	288,089
	<u>50,389,227</u>	<u>45,580,033</u>
Long-term receivable (Note 16)	703,012	772,856
Investments		
Federated Co-operatives Limited (Note 4 (b))	39,667,199	35,729,055
Other organizations, at cost	33,674	33,073
Property, plant and equipment (Note 6)	32,885,916	33,249,752
Total assets	<u>\$ 123,679,028</u>	<u>\$ 115,364,769</u>
Current liabilities		
Trust liabilities (Note 8)	\$ 73,499	\$ 93,722
Accounts payable - FCL	17,188,342	15,861,977
- Other	1,665,674	3,039,693
Customer prepaid accounts	296,723	328,690
	<u>19,224,238</u>	<u>19,324,082</u>
Asset retirement obligation (Note 4 (c))	272,460	252,987
Total liabilities	<u>19,496,698</u>	<u>19,577,069</u>
Members' equity		
Share capital (Note 9)	44,569,510	42,619,412
Reserves and retained savings (Note 10)	59,612,820	53,168,288
	<u>104,182,330</u>	<u>95,787,700</u>
Total liabilities and members' equity	<u>\$ 123,679,028</u>	<u>\$ 115,364,769</u>

Subsequent events (Note 14)

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, 2019

	2019	%	2018	%
Sales (Note 11)	\$ 224,848,248	100.0	\$ 244,377,325	100.0
Cost of goods sold	<u>210,547,378</u>	<u>93.6</u>	<u>230,748,749</u>	<u>94.4</u>
Gross margin	<u>14,300,870</u>	<u>6.4</u>	<u>13,628,576</u>	<u>5.6</u>
Expenses				
Operating and administration	18,805,622	8.4	17,664,737	7.2
Interest revenue	<u>(724,215)</u>	<u>(0.3)</u>	<u>(569,617)</u>	<u>(0.2)</u>
	<u>18,081,407</u>	<u>8.1</u>	<u>17,095,120</u>	<u>7.0</u>
Loss from operations	<u>(3,780,537)</u>	<u>(1.7)</u>	<u>(3,466,544)</u>	<u>(1.4)</u>
FCL loyalty program	1,043,402	0.5	-	-
Patronage refunds	<u>19,699,299</u>	<u>8.8</u>	<u>24,750,328</u>	<u>10.1</u>
Savings before income taxes	<u>16,962,164</u>	<u>7.6</u>	<u>21,283,784</u>	<u>8.7</u>
Income taxes (Note 13)	<u>2,107,844</u>	<u>0.9</u>	<u>3,367,639</u>	<u>1.4</u>
Net savings	<u><u>\$ 14,854,320</u></u>	<u><u>6.7</u></u>	<u><u>\$ 17,916,145</u></u>	<u><u>7.3</u></u>
 Retained savings, beginning of year	 \$ 200,000		 \$ 200,000	
Net savings	14,854,320		17,916,145	
Transfer to general reserve (Note 10)	(6,444,532)		(8,960,283)	
Patronage allocation to members (Note 14)	<u>(8,409,788)</u>		<u>(8,955,862)</u>	
Retained savings, end of year (Note 10)	<u><u>\$ 200,000</u></u>		<u><u>\$ 200,000</u></u>	

Celebrating 2019 in Photos

