



Four Rivers

# MEMBERSHIP - FREQUENTLY ASKED QUESTIONS

## What is Equity? How Does It Work? How do I Earn a Share of the Profits?

As a member of Four Rivers Co-op, you are a part owner. Each time you purchase products or services, your purchases are recorded and totaled throughout each year. At the end of our fiscal year, a portion of your purchases may be returned in your share equity account. The amount returned to the membership is based on each year's profitability. Thereby the more you purchase and the better our financial results, the more you could receive in equity allocated to your membership number. Additionally, Four Rivers Co-op may pay out a portion of your equity, this amount becomes the yearly cash payment to you, as a member-owner.

## What is the difference between Equity and Cash Back?

Equity is the amount we allocate to your membership each year based on your purchases, this amount increases your equity level. Cash back, often termed cash repayment cheques, is the amount of equity we pay back each year which reduces your equity level.

### Explanation of the Equity Statement Form

DESCRIPTION	PURCHASES	REFUND%	ALLOCATION	EQUITY
Equity at 1 January, 2022				1450.70
Food	4,000.00	3.50	140.00	140.00
Petroleum	1,200.00	3.35	40.20	40.20
Convenience Stores	8,000.00	3.50	280.00	280.00
Home Centre and Agro	1,000.00	3.50	35.00	35.00
Lubricants	500.00	5.00	25.00	25.00
Propane	500.00	4.35	21.75	21.75
Fertilizer	200.00	2.00	4.00	4.00
GST/HST				14.50
Withholding Tax 15% x				66.89-
Cheque Issued 25 April, 2023				73.22-
STATEMENT OF YOUR EQUITY AS AT: December 31, 2022	TOTAL ▶		545.95	1,871.04

EXAMPLE

- 1 This is the balance of equity, carried forward from the statement received last year.
- 2 These amounts represent the patronage allocation received on purchases for this year ending the date shown on the bottom of the statement.
- 2a Represents the total of the allocation on the purchases listed under 2.
- 3 Represents the GST associated with the allocation which is based on a calculation of GST taxable purchases. If you are registered for GST purposes, the portion of the GST related to business use must be included on the line 104 of your next GST return. For example if 75% of purchases were for business use, then \$10.24 (GST x 75%) must be included on line 104 of your next GST return.
- 4 Patronage allocations in excess of \$100 are subject to a 15% withholding tax to be deducted by the co-operative and remitted to the Income Tax Department on your behalf. In February, you will receive a T4A which will show your total patronage allocation and the amount of tax withheld and remitted on your behalf.
- 5 This line will not appear if no cheque has been issued.
- 6 This is the updated accumulated equity the member has with Four Rivers Co-op.

## Can I use my local Co-op number in other communities?

Your Four Rivers Co-op membership number works only within the communities served by Four Rivers Co-op. Communities served by other retail co-ops have their own set of membership numbers. The membership number assigned to you by Four Rivers Co-op will be assigned to different members at other co-ops.



## Do you have to be a member to shop at Four Rivers Co-op?

No, but by becoming a member you become a part owner of the business and share in the earnings of Four Rivers Co-op. This also gives you the privilege to attend the annual meeting, vote on resolutions, and run for a position on the Board of Directors.

## Why is there GST on my statement?

Canada Revenue Agency allows the GST to be returned to you based on your allocation. Four Rivers Co-op returns that GST to you by adding it to your equity account, ultimately getting paid back to you through cash repayments.

## How are Cash Back Cheques Calculated?

Cash repayments are based on a members equity level at beginning of the year as follows:

- \$10 to \$1,500 - 25% of allocation paid in cash
- \$1,501 to \$2,500 - 50% of allocation paid in cash
- Over \$2,500 - 75% of allocation paid in cash

Cheques are not issued for less than \$10. If you did not receive any cash back this year, it is because your total purchases were not high enough at Four Rivers Co-op to qualify for cash back.

## When can I get my equity paid out?

Members accumulated equity is eligible for payment based on the following criteria:

1. Payable to a members estate;
2. Members of 65 years of age or older;
3. Members who move out of the trading area; or
4. For business accounts equity can be paid upon the dissolution of the business.

It is the member's responsibility to notify Four Rivers Co-op Member Services who will send you an Application to apply for any of the above. Please call **250-567-4414** (within Vanderhoof) or **1-877-567-4414** (outside Vanderhoof). As per by the BC Coop Act and Four Rivers Co-op Rules, all applications for repayment of equity must be approved by the Board of Directors. They review all applications at their regular meetings throughout the year.

## Why is my Social Insurance Number required for my membership?

Your Social Insurance Number is required under the Income Tax Act for reporting purposes in order to issue a T4A slip. As required by the Canada Revenue Agency (CRA), equity allocations that exceed \$100.00 have a withholding tax of 15% deducted from your equity and forwarded to the CRA. By providing your SIN to be included on T4A information slips, this allows members the ability to collect the withholding tax we previously sent to the CRA when filing your annual income taxes. Four Rivers Cooperative is required by law to have this number on file which does not violate the Personal Information Protection and Electronic Documents Act (PIPEDA). The number provided will not be used for any other purpose.

## I just received a T4A in the mail. Why did I receive this?

A T4A is issued to a Member if their allocation is in excess of \$100. The T4A you received in February includes the amount of Share Equity you earned last year (Box 3), as well as the amount of Withholding Tax (Box 22) that was remitted on your behalf. The T4A will not match the cheque you received, as the T4A reflects the total Share Equity you earned. The cheque is based on cash repayments that is approved by the Board of Directors.

We are required to report allocations over \$100, and to withhold and remit 15% of anything above that amount to the Canada Revenue Agency. Your refund is not necessarily taxable! Refunds from consumer goods/personal use (groceries, household items, gas for private car use, etc.) are not subject to tax. You are entitled to claim any withheld tax, whether taxable or not taxable income.