



# **ANNUAL REPORT 2021**

Twin Valley Co-op Ltd.

**Twin Valley Co-op Ltd.**

**Financial Statements**  
**For the year ended November 30, 2021**

**Twin Valley Co-op Ltd.**  
**Financial Statements**  
For the year ended November 30, 2021

---

**Contents**

<b>Independent Auditor's Report</b>	<b>2</b>
<b>Financial Statements</b>	
Balance Sheet	4
Statement of Savings and Statement of Retained Savings	5
Statement of Cash Flows	6
Notes to Financial Statements	7

---

## Independent Auditor's Report

---

To the Members of Twin Valley Co-op Ltd.:

### Opinion

We have audited the accompanying financial statements of Twin Valley Co-op Ltd. (the Co-operative), which comprise the balance sheet as at November 30, 2021, and the statement of savings and retained savings and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Co-operative as at November 30, 2021, and its financial performance 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 these 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.
- 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.

Chartered Professional Accountants

Brandon, Manitoba

TBD

**Twin Valley Co-op Ltd.  
Balance Sheet**

November 30	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 17,770	\$ 19,190
Prepaid agriculture supplier accounts	1,164,385	97,096
Accounts receivable		
-Customer (Note 3)	5,545,704	4,337,876
-Other	2,340,780	2,751,230
Income taxes receivable (Note 15)	12,290	-
Inventory (Note 4)	22,166,513	16,889,626
Prepaid expenses	235,016	348,858
	31,482,458	24,443,876
<b>Investments</b>		
Federated Co-operatives Limited (FCL)	12,619,667	11,686,162
Other organizations, at cost	15,025	49,882
<b>Property, plant and equipment (Note 5)</b>	<b>8,757,537</b>	<b>8,649,002</b>
	<b>\$ 52,874,687</b>	<b>\$ 44,828,922</b>
<b>Liabilities</b>		
<b>Current</b>		
Line of credit (Note 6)	\$ 5,470,263	\$ 2,092,746
Trust liabilities (Note 7)	246,193	228,417
Accounts payable (Note 8)		
-FCL	8,522,483	6,544,330
-Other	1,556,688	1,275,912
Income taxes payable (Note 15)	-	146,059
Customer prepaid accounts	1,885,322	1,603,159
Current portion of long-term debt (Note 9)	543,672	1,131,755
	18,224,621	13,022,378
<b>Long-term debt (Note 9)</b>	<b>219,858</b>	<b>763,588</b>
	<b>18,444,479</b>	<b>13,785,966</b>
<b>Members' Equity</b>		
Share capital (Note 10)	17,021,689	15,442,283
Reserves and retained savings (Note 11)	17,408,519	15,600,673
	34,430,208	31,042,956
	<b>\$ 52,874,687</b>	<b>\$ 44,828,922</b>

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Twin Valley Co-op Ltd.**  
**Statement of Savings and Retained Savings**

<u>For the year ended November 30</u>	<u>2021</u>	<u>%</u>	<u>2020</u>	<u>%</u>
<b>Sales (Note 12)</b>				
Food stores	\$ 12,180,179		\$ 10,250,915	
Agricultural inputs	58,558,663		54,630,066	
General merchandise	9,263,489		10,519,884	
Petroleum	18,438,152		15,583,088	
	<u>98,440,483</u>	<u>100.00</u>	<u>90,983,953</u>	<u>100.00</u>
<b>Cost of goods sold</b>	<u>82,719,354</u>	<u>84.03</u>	<u>77,132,848</u>	<u>84.78</u>
<b>Gross margin</b>	<u>15,721,129</u>	<u>15.97</u>	<u>13,851,105</u>	<u>15.22</u>
<b>Operating and administration</b>	<u>13,652,582</u>	<u>13.87</u>	<u>12,674,962</u>	<u>13.93</u>
<b>Interest expense (Note 13)</b>	<u>4,449</u>	<u>-</u>	<u>60,005</u>	<u>0.07</u>
	<u>13,657,031</u>	<u>13.87</u>	<u>12,734,967</u>	<u>14.00</u>
<b>Income (loss) from operations</b>	<u>2,064,098</u>	<u>2.10</u>	<u>1,116,138</u>	<u>1.23</u>
<b>Patronage refunds</b>	<u>3,158,186</u>	<u>3.21</u>	<u>2,228,649</u>	<u>2.45</u>
<b>Net savings for the year before taxes and patronage allocation to members</b>	<u>5,222,284</u>	<u>5.31</u>	<u>3,344,787</u>	<u>3.68</u>
<b>Patronage allocation to members (Note 14)</b>	<u>2,700,450</u>	<u>2.7</u>	<u>1,691,031</u>	<u>1.9</u>
<b>Net savings before income taxes</b>	<u>2,521,834</u>	<u>2.6</u>	<u>1,653,756</u>	<u>1.8</u>
<b>Income taxes (Note 15)</b>	<u>711,127</u>	<u>0.7</u>	<u>359,884</u>	<u>0.4</u>
<b>Net savings</b>	<u>\$ 1,810,707</u>	<u>1.8</u>	<u>\$ 1,293,872</u>	<u>1.4</u>
<b>Retained savings, beginning of year</b>	<u>\$ 3,000,855</u>		<u>\$ 2,041,462</u>	
Net savings	<u>1,810,707</u>		<u>1,293,872</u>	
Transfer to general reserve (Note 11)	<u>(522,228)</u>		<u>(334,479)</u>	
<b>Retained savings, end of year (Note 11)</b>	<u>\$ 4,289,334</u>		<u>\$ 3,000,855</u>	

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

**Twin Valley Co-op Ltd.**  
**Statement of Cash Flows**

<b>For the year ended November 30</b>	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Net savings	\$ 1,810,707	\$ 1,293,872
Adjustments for		
Depreciation of property, plant and equipment	1,956,505	1,722,837
FCL patronage refund	(2,413,869)	(1,425,600)
Patronage allocation to members	2,700,450	1,691,031
Gain on the disposal of property, plant and equipment	(71,163)	(245,088)
	<u>3,982,630</u>	<u>3,037,052</u>
<b>Changes in non-cash working capital balances</b>		
Accounts receivable	(797,378)	(1,458,884)
Prepaid agriculture supplier accounts	(1,067,289)	2,850,817
Inventories	(5,276,887)	694,761
Prepaid expenses	113,842	(36,329)
Income taxes receivable	(158,349)	521,204
Accounts payable	2,276,705	904,042
Customer prepaid accounts	282,163	(658,647)
Retroactive equity allocation	(1,096)	(1,723)
Transfer to reserve	(1,561)	225
	<u>(647,220)</u>	<u>5,852,518</u>
<b>Cash Flows from Investing Activities</b>		
Redemption of FCL shares	1,480,364	2,232,078
Additions to property, plant and equipment	(2,114,933)	(2,246,516)
Proceeds from the disposal of property, plant and equipment	121,068	374,526
Investment in other organizations	34,857	30,642
	<u>(478,644)</u>	<u>390,730</u>
<b>Cash Flows from Financing Activities</b>		
Repayment of long-term debt	(1,131,813)	(1,153,096)
Share capital issued	2,040	1,660
GST on allocation	29,762	27,217
Redemption of share capital	(1,153,062)	(1,231,020)
	<u>(2,253,073)</u>	<u>(2,355,239)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,378,937)</b>	<b>3,888,009</b>
Cash, beginning of year	<u>(2,073,556)</u>	<u>(5,961,565)</u>
Cash, end of year	<u>\$ (5,452,493)</u>	<u>\$ (2,073,556)</u>
<b>Cash and cash equivalents (borrowings) are comprised of:</b>		
Cash	\$ 17,770	\$ 19,190
Line of credit	(5,470,263)	(2,092,746)
	<u>\$ (5,452,493)</u>	<u>\$ (2,073,556)</u>

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



**For the year ended November 30, 2021**

**1. Nature of Operations and Summary of Significant Accounting Policies**

**Nature of Operations**

Twin Valley Co-op Ltd. ("the Co-operative") was incorporated under the Cooperatives Act of Manitoba on April 29, 1929. The primary business of the Co-operative is operating retail agricultural, food, home centre and petroleum outlets in Western Manitoba.

**Basis of Accounting**

The 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.

**Definition of a Financial Year**

The Co-operative's financial year ends on the Saturday closest to November 30. In the current year the financial year ended on November 27, 2021 (2020 - November 28).

**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. Costs are assigned to inventories by the most appropriate method for that particular inventory class.

**Investment in Federated Co-operatives Limited, at Cost**

Federated Co-operatives Limited (FCL) is a supplier of goods and services to retail Co-operatives in Western Canada. At the end of each October, FCL divides substantially all its earnings, except for amounts set aside as reserves, 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 \$80,671,960 (2020 - \$57,470,550) from FCL in the normal course of operations. The income allocated to the Co-operative as their portion of FCL earnings are recorded as revenue by the Co-operative in the period in which the earnings are allocated. Any cash payments made by FCL to the Co-operative as a result of the allocation are recorded as a reduction of the investment in the FCL share account. As the shares in the long term investment are not publicly traded, the fair market value is not readily determinable. Therefore the shares are recorded at cost. The amounts of the patronage refund and shares redeemed are as follows:

	2021	2020
FCL patronage refunds	\$ 2,413,869	\$ 1,425,600
FCL share redemptions	\$ 1,480,364	\$ 2,232,078

**Other investments**

The Co-operative's investments in organizations not subject to significant influence are accounted for using the cost method.

**For the year ended November 30, 2021**

**1. Nature of Operations and Summary of Significant Accounting Policies (continued)**

**Property, Plant and Equipment**

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

	<b>Method</b>	<b>Rate</b>
Buildings	straight-line	25 years
Parking lots	declining balance	8%
Furniture and equipment	declining balance	10% to 30%
Vehicles	declining balance	30%
Vehicle equipment	declining balance	15%

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.

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.

**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 judgement. Actual amounts could differ from these estimates. Significant estimates made by management in the preparation of the Co-operative's financial statements include:

- inventories valued at retail and adjusted to cost.
- asset retirement obligations are recognized 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.
- accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.
- amortization is based on the estimated useful lives of property, plant and equipment.

**Income Taxes**

The Co-operative follows the taxes payable method whereby only current income tax assets and liabilities are recognized. To the extent at year-end that income taxes remain unpaid or are recoverable, that amount is recognized as a tax liability or a tax receivable.

**Revenue Recognition**

Revenue on product sales is recognized when title passes to the customer and collectibility is reasonably assured. Reasonable assurance is based on the Co-operative's past experience with claims and collections.

Interest fees on overdue accounts are recognized in accordance with the terms of the sales agreement when collectibility is reasonably assured. Reasonable assurance is based on the Co-operative's past experience with claims and collections.

Interest on investments is recorded as income in accordance with the terms of the instrument.

The amount of customer prepaid deposits received and on hand at the end of the year was \$1,885,322 (2020 - \$1,603,159).

---

**For the year ended November 30, 2021**

---

**1. Nature of Operations and Summary of Significant Accounting Policies (continued)**

**Asset Retirement Obligations**

The Co-operative recognizes a liability for an asset retirement obligation in the period in which a legal liability is incurred and records a corresponding increase in the carrying value of the related long-lived asset. 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 savings. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. Actual costs incurred upon settlement of the asset retirement obligations are charged against the asset retirement obligation to the extent of the liability recorded.

**Assets Under Capital Lease**

Leases which transfer substantially all of the benefits and risks incident to ownership of property are recorded as the acquisition of an asset and the incurrence of an obligation. Under this method of accounting for leases, the asset is amortized over its estimated life and the obligation, including interest thereon, is liquidated over the life of the lease. Rents on non-capital leases are expensed as incurred.

**2. Financial Instruments and Risk Management**

The Co-operative initially measures its financial assets and liabilities at fair value. The Co-operative subsequently measures its financial assets and financial liabilities at amortized cost. Financial assets are tested for impairment when there are indicators impairment may have occurred. Any impairment losses are recognized in net income.

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

**Credit Risk**

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

**Interest Rate Risk**

The Co-operative's sensitivity to fluctuations in interest rates is limited to its cash and debt. The Co-operative manages its exposure to interest rate risk through floating rate deposits and borrowings.

**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 the bank line of credit and demand loans. The Co-operative's ability to meet obligations depends on funds generated by its operations.

**Commodity Price Risk**

The Co-operative is exposed to price risk on fertilizer products. The Co-operative enters into prepaid fixed price contracts with certain fertilizer suppliers.

**3. Accounts Receivable - Customers**

Shown net of an allowance for doubtful accounts of \$0 (2020 - \$1,112).

**Twin Valley Co-op Ltd.**  
**Notes to Financial Statements**

**For the year ended November 30, 2021**

4. Inventory

	2021	2020
Goods for resale	\$ 22,166,513	\$ 16,889,626

Total inventory recognized as an expense in the period is \$82,719,354 (2020 - \$77,132,848).

5. Property, Plant and Equipment

	2021			2020	
Original Cost	Current Depreciation	Accumulated Depreciation	Net Book Value	Net Book Value	
Land	\$ 608,805	\$ -	\$ -	\$ 608,805	\$ 608,805
Buildings	5,165,426	139,111	3,568,893	1,596,533	1,774,487
Parking lots	279,621	7,882	209,048	70,573	76,710
Furniture and equipment	13,414,826	797,261	9,936,558	3,478,268	4,023,090
Vehicles	10,181,604	621,789	7,607,633	2,573,971	1,976,009
Vehicle equipment	482,840	177,136	321,424	161,416	189,901
	\$ 30,401,093	\$ 1,743,179	\$ 21,643,556	\$ 8,757,537	\$ 8,649,002

6. Line of Credit

The Co-operative has available a \$15,000,000 line of credit bearing interest at bank prime plus 0.25% of which \$5,470,263 (2020 - \$2,092,746) has been drawn as at November 30, 2021. Line of credit financing available to the organization at November 30, 2021 is \$9,529,737 (2020 - \$12,907,254). Security for the line of credit is a promissory note and a general security agreement covering all present and after acquired property, with a carrying value of \$8,148,732.

**Twin Valley Co-op Ltd.**  
**Notes to Financial Statements**

**For the year ended November 30, 2021**

**7. Trust Liabilities**

	2021	2020
Payroll deductions	\$ 87,990	\$ 71,896
Provincial sales tax	61,024	91,328
Workers compensation board	27,890	15,428
Carbon tax	69,289	49,765
	\$ 246,193	\$ 228,417

**8. Accounts Payable**

Amounts owing to the Government of Canada as at November 30, 2021 totaled \$100,144 (2020 - \$79,290).

Amounts owing to the Government of Manitoba as at November 30, 2021 totaled \$124,525 (2020 - \$129,612).

**9. Long-term Debt**

	2021	Current Portion	Long-term Portion
Fusion Credit Union loan repayable at \$27,640 monthly including interest of 3.50%, maturing on July 1, 2023 <sup>(1)</sup>	\$ 537,818	\$ 317,902	\$ 219,916
Fusion Credit Union loan repayable at \$11,029 monthly including interest of 3.50%, maturing on September 1, 2022 <sup>(1)</sup>	113,146	113,146	-
Fusion Credit Union loan repayable at \$11,029 monthly including interest of 3.50%, maturing on September 1, 2022 <sup>(1)</sup>	112,624	112,624	-
	\$ 763,588	\$ 543,672	\$ 219,916

<sup>(1)</sup> Fusion Credit Union loans are secured by a general security agreement over all present and after acquired property, with a carrying value of \$8,148,732; as well as an existing debenture in the amount of \$20,000,000 and assignment of fire insurance over properties with first loss payable to Fusion Credit Union.

The scheduled principal repayments over the next 2 years are:

2022	\$ 543,672
2023	219,916
	\$ 763,588

**Twin Valley Co-op Ltd.**  
**Notes to Financial Statements**

**For the year ended November 30, 2021**

**10. Members' Share Capital**

Authorized, unlimited @ \$1

	2021	2020
Balance, beginning of year	\$ 15,442,283	\$ 14,953,230
Allocation to members	2,700,450	1,691,031
Cash from new members	2,040	1,660
GST on allocation	29,762	27,217
Shares transferred from reserves	279	299
	<u>18,174,814</u>	<u>16,673,437</u>
General repayment	649,513	527,243
Shares transferred to reserves	66	133
Withdrawals and retirements	291,086	535,829
Withholding tax	212,460	167,949
	<u>1,153,125</u>	<u>1,231,154</u>
Balance, end of year	<u>\$ 17,021,689</u>	<u>\$ 15,442,283</u>

**11. Reserves and Retained Savings**

	Special Reserve	General Reserve	Retained Savings	2021	2020
Balance, beginning of year,	\$ 5,512,852	\$ 7,086,966	\$ 3,000,855	\$ 15,600,673	\$ 14,308,395
Net savings distributed to retained savings	-	-	1,810,707	1,810,707	1,293,872
Shares transferred	(1,096)	(1,765)	-	(2,861)	(1,594)
Appropriation from retained savings	-	522,228	(522,228)	-	-
Balance, end of year	<u>\$ 5,511,756</u>	<u>\$ 7,607,429</u>	<u>\$ 4,289,334</u>	<u>\$ 17,408,519</u>	<u>\$ 15,600,673</u>

**12. Revenue Categories**

	2021	2020
Consumer products	\$ 27,965,980	\$ 28,390,262
Agro division	70,474,503	62,593,691
	<u>\$ 98,440,483</u>	<u>\$ 90,983,953</u>

**Twin Valley Co-op Ltd.**  
**Notes to Financial Statements**

**For the year ended November 30, 2021**

**13. Interest Expense (Revenue)**

	2021	2020
Interest expense on		
- Short-term debt	\$ 86,897	\$ 110,052
- Long-term debt	45,510	99,399
Interest revenue	(127,958)	(149,446)
	\$ 4,449	\$ 60,005

**14. Patronage Allocation to Members**

Subsequent to November 30, 2021 the Board of Directors approved a patronage allocation to members in the amount of \$2,700,450 (2020 - \$1,691,031).

**15. 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
Net savings before income taxes	\$ 5,222,284	\$ 3,344,787
Expected income tax expense at the combined tax rate of 27% (2020 - 27%) net of the general rate reduction	1,410,017	903,092
Decrease in income tax expense resulting from:		
Currently deductible payments net of non-deductible expenses	1,170	679
Patronage allocation to members of \$2,700,450 (2020 - \$1,619,031)	(729,121)	(456,578)
Income or expenses claimed in different periods for income tax purposes:		
Depreciation, capital cost allowance and accounting gains/loss	29,061	(82,192)
Other items that impact income taxes		
Manufacturing and Processing Investment Tax Credit	-	(5,117)
Income tax expense	\$ 711,127	\$ 359,884

**For the year ended November 30, 2021**

---

**16. 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 \$316,703 (2020 - \$326,154) of expense relating to the plan. There were no significant changes to the rate of employer contributions during the year.

**17. Petroleum Purchase Agreement**

Under the terms of the agreement with FCL, the Co-operative has committed to purchase petroleum products, at market price, exclusively from FCL for its gas bar and bulk plant operations.

**18. Contingent Liability**

The Co-operative operates fertilizer properties that may require remediation. The likelihood and amount of any such obligation has not been determined.

**19. Asset Retirement Obligation**

An asset retirement obligation has not been recorded in the financial statements since the Co-operative participates in a contaminated site management program established by Federated Co-operatives Limited. This program limits the Co-operative's liability to \$25,000 per site as long as the Co-operative continues to exercise due diligence. Management believes that due diligence has been exercised and that the impact of the asset retirement obligation on the Co-operative's financial statement is not significant.

**20. Financial Impact of Covid- 19**

As a result of the ongoing COVID-19 global pandemic there has been a continued disruption on economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Co-operative's ability to service debt and meet other obligations as they come due is dependent on the continued ability to generate earnings and cash flows, including the use of existing credit facilities. The Co-operative may experience a decline in revenue resulting from a decline in customers and market values. As of the financial statement date, revenues has increased compared that of November 30, 2020 and collectability of receivables has remained consistent as well.

In addition, if the impacts of COVID-19 continue there could be further impact on the Co-operative and its major customers, suppliers and other third party business associates that could impact the timing and amounts realized on the Co-operative's assets and future profitability.



Twin Valley Co-op Ltd.  
Statistical Information

**For the year ended November 30, 2021**

**Record of Sales and Savings**

	Year	Sales	Savings <sup>(1)</sup>	%
From date of incorporation, April 29, 1929 to November 30, 2021	2004	\$418,116,295	\$ 23,516,508	5.6
	2005	47,479,641	393,735	0.8
	2006	52,568,811	425,533	0.8
	2007	64,034,995	3,214,262	5.0
	2008	82,040,589	4,662,832	5.7
	2009	71,796,048	2,714,994	3.8
	2010	65,374,341	1,512,179	2.3
	2011	71,984,920	3,201,005	4.4
	2012	78,968,296	3,238,159	4.1
	2013	80,140,763	3,344,787	4.2
	2014	78,221,931	2,466,897	3.2
	2015	79,138,148	2,015,565	2.5
	2016	72,908,962	502,974	0.7
	2017	82,317,617	3,095,102	3.8
	2018	84,170,976	2,847,536	3.4
	2019	88,233,466	2,149,765	2.4
	2020	90,983,953	3,344,787	3.7
	2021	98,440,483	5,222,284	5.3
		<b>\$1,706,920,235</b>	<b>\$ 67,868,904</b>	<b>4.0</b>

<sup>(1)</sup> Savings is before income taxes and patronage refund to members.

Draft - Subject to Change

---

Twin Valley Co-op Ltd.  
Directors and Officers

For the year ended November 30, 2021

---

<u>Position</u>	<u>Name</u>	<u>Address</u>	<u>Date Term Expires</u>
	ZONE ONE		
Director	Manley Mackedenski	Box 608, Rossburn, MB - R0J 1V0	2022
	ZONE TWO		
Director	Diana Brydon	Box 72, Birtle, MB - R0M 0C0	2024
	ZONE THREE		
Chairman	Mark Morton	Box 158, Miniota, MB - R0M 1M0	2023
Director	Kendall Heise	Box 40, Isabella, MB - R0M 0Y0	2022
	ZONE FOUR		
Director	Mark Humphries	Box 145, Elkhorn, MB - R0M 0N0	2022
Director	Barbara Stambuski	Box 54, Cromer, MB, R0J 1W0	2024
	ZONE FIVE		
Director	Jean Hogarth	Box 1351, Russell, MB - R0J 1W0	2023
	ZONE SIX		
Vice-Chairman	Jim Boucher	Box 118, Binscarth, MB, R0J 0G0	2023

