



ANNUAL REPORT



Armstrong Regional Cooperative

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103rd Annual General Meeting

7:00pm, Wednesday, 14 May 2025, Virtual Meeting

CALL TO ORDER

NOTICE CONCERNING THE ANNUAL MEETING TO BE READ

ADOPTION OF THE MINUTES OF THE PRECEDING AGM TO BE ADOPTED
MOTION REQUIRED

BUSINESS ARISING FROM THE MINUTES

REPORTS OF COMMITTEES

NOMINATIONS COMMITTEE- BRETT KIRKPATRICK

REPORT FROM THE BOARD OF DIRECTORS – LARRY HILL

REPORT FROM THE GM - HANS PETERSEN

FINANCIAL STATEMENTS TO BE PRESENTED

REPORT OF THE AUDITORS- ANGELA SPENCER (BDO CANADA LLP)
MOTION REQUIRED

APPOINTMENT OF THE AUDITORS - MO CHOUDRY
MOTION REQUIRED

ELECTION OF THE DIRECTORS

UNFINISHED/NEW BUSINESS

GOOD AND WELFARE
FCL DIRECTOR ADDRESS

ADJOURNMENT

2024 Armstrong Regional Co-Op AGM Minutes

CALL TO ORDER 7:03 PM

NOTICE CONCERNING THE ANNUAL MEETING TO BE READ

ADOPTION OF THE MINUTES OF THE PRECEDING AGM TO BE ADOPTED

Brett Kirkpatrick Motions acceptance, Seconded by Akbal Mund, MOTION CARRIED

BUSINESS ARISING FROM THE MINUTES

Elections 3 directors to be held as per motion from 2023 AGM Minutes

REPORTS OF COMMITTEES

POLICY COMMITTEE – Geoff Maile,

Geoff Maile Motions to change the Year End of The Armstrong Regional Cooperative Association from January 31st to September 30th.

Akbal Mund Seconds motion

Background

FCL's year end is October 31st and pays patronage in December, we only have one month to use FCL money prior to our year end. If year end is changed to September, after the nine month period from receiving the Patronage Dividend in December there is a three month lag to prepare the financial statements, thereby giving us a full year to utilise the funds before payout, at which time the Patronage Dividend from FCL for the following year will be received. This gives ARC a full twelve months to utilize the funds, to be repeated year after year thereby being able to save \$2m to \$3m over the next ten years.

Discussion

Are the staff comfortable producing results in December during holiday seasons?

Change in patronage pay out dates and Staff Bonuses to December and January.

In research in doing this by the board? And is other co-op embracing the change?

Board has discussed with FCL leadership recently as FCL has paid out 400M to the co-op system in the past year.

Is it not still 12 months from receiving patronage cheques? 1st year will be from January to September 30th (8 month period). Patronage dividend for 8 months, and the following year expected patronage will be paid out in December to January.

When do we receive patronage from FCL? We receive patronage once a year, but there is a loyalty payment as well.

When are we moving the year end, the Co-Op will need to seek approval from CRA, new year end to be September 2024.

When would the next AGM be held? AGM must be held 120 days after year end. Most likely January

MOTION CARRIED

NOMINATIONS COMMITTEE- Akbal Mund

Report

We have 4 candidates for 3 positions, all 4 have been qualified.

REPORT FROM THE BOARD OF DIRECTORS

Board of Directors Report Presented by Board Chair Larry Hill

MANAGEMENT REPORT

Management Report Presented by GM Han Petersen

Question to management

Ken Earl, Will there be a limit be placed on commercial credit accounts?

GM advised the have credit terms, and credit is required for bulk members, one thing is considered increasing equity cap to use as equity as colleterial.

Sue-, interested in knowing about tenant in 25th ave. Proglass marine, Boyd Distributors, Best Heavy Duty, new tenants have 5 year lease, co-op has space on property that is being utilized for storage for the co-op. Sue also asked about storage facility in Canoe. Occupancy between 75 and 80% of capacity currently.

Via Online- Do we have committee from FCL to what to do with 27th Husky station? This is still in the hands of FCL to decide on if they will continue to run or sell this asset.

Have we taken full loss of Nata in this year? Still uncertain Credit protection for Nata comes to end in May, debt remains under the name of Nata farm

FINANCIAL STATEMENTS TO BE PRESENTED

REPORT OF THE AUDITORS

Angie Spencer from BDO Canada presented audited financials.

No questions on auditor's report

Acceptance of financial Statements, Narin Von Hahn Motions, Jason Keis Seconds.

MOTION CARRIED

APPOINTMENT OF THE AUDITORS

Geoff Maile Motion to appoint BDO Dunwoody of Salmon Arm as the auditors for the 2024 fiscal year.
Hugh Chalmers Seconds.

MOTION CARRIED

ELECTION OF THE DIRECTORS

Vice Chair takes chair during election, candidates are as follows;

-Larry Hill (Incumbent) -Elected

-Geoff Maile (Incumbent) -Elected

-Kirsten Green-Elected

-Kim Sinclair

Motion to destroy the ballots, Akbal Mund Motions, Seconded by Jason Keis.

MOTION CARRIED

FCL DIRECTOR ADDRESS

FCL District 2 Director Paul Hames address membership on behalf of FCL

UNFINISHED/NEW BUSINESS

NIL

GOOD AND WELFARE

Historically staff awards usually awarded at AGM, this is to be moved to ARC Annual Staff Christmas Party

ADJOURNMENT 8:24



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ARC BOARD OF DIRECTORS REPORT TO THE MEMBERSHIP 2025

The past fiscal year of 2024 was another successful one for Armstrong Regional Co-operative. We completed the final necessary upgrades to the acquired Husky stations and finished their integration into our overall delivery system.

Board involvement also clued a review of our enterprise risk management policies. Due to excellent work from our GM now all projects brought to the Board must follow the ERM. This new policy gives the GM a framework of what projects to bring before the Board and which should be rejected or deferred.

Also, the Board and senior management conducted a full day strategic planning review. This review showed us that we were closely on track to the plan previously drafted. This plan included approval of a new management structure to provide stability and sustainability. In this plan we agreed to the plan of income diversification. One step was to enrol with Brett Young seed retailers to expand our agricultural revenues. Another was to install EV chargers in Salmon Arm and Vernon.

Board members took part in a guided bus tour of the refinery in Regina. This mammoth complex is still and likely will for many years be the foundation of our growth and profits.

In other areas, we received approval to move our year end to maximize cash flows and mesh our year-end with Federated Cooperatives Ltd year-end. Also, we formalized our Health and safety procedures and training to assist in protecting our staff.

As a testament to our financial stability and security we are delighted to announce a payout of 5% on fuel and convenience store items and 4% on liquor store purchases.

In summary we are well positioned for future growth.



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General Manager's Report – May 14, 2025

Introduction

The Management Team of Armstrong Regional Cooperative (ARC) is pleased to present this report to the 103rd Annual General Meeting. This report highlights our operational performance, strategic progress, and challenges faced during the financial year ending February 1, 2025.

Operational Overview

During the year under review, the ARC maintained its commitment to delivering quality services to its members while striving for financial sustainability and operational efficiency.

Key Operational Highlights:

- Total number of active members: 39500
 - New members registered: 4,445
 - Core services/products offered:
 - Retail, Bulk, and Commercial Fuel Sales
 - Oil and Lubricant Sales
 - Convenience stores
 - Retail Liquor Sales
 - Storage
 - New initiatives launched:
 - EV chargers in Vernon and Salmon Arm
 - Credit card facility at Scotch Creek Cardlock
 - Propane dispensers installed in Vernon and Cranbrook
 - 24hr Fueling pilot in Cranbrook
 - Staff Engagement surveys and townhall
 - Revamped Health and Safety program
-



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Financial Performance

ARC showed steady financial performance for the year, despite thin fuel margins and increased compliance costs.

Key Financial Figures:

- Total Revenue: \$141,049,688
- Net Surplus: \$5,973,220
- Total Assets: \$67,263,309
- Shareholder Equity: \$43,591,959

Detailed financials are provided in the Auditor's report.

Strategic Projects and Initiatives

In alignment with our strategic plan (2025–2029), several initiatives were undertaken:

- **Financial Security:** more robust Accounts Receivable systems, bad debt reduction measures
 - **Cyber Security:** full audit done, more protective measures implemented
 - **Business Diversity:** Revenue from property increased, liquor division expanded in Revelstoke and Kelowna
 - **Capacity Building:** fully realized management structure, cross-training, organizational resilience increased
 - **Employee Engagement:** Staff townhall, engagement surveys
-

Governance and Compliance

The cooperative continued to uphold high standards of governance and regulatory compliance:

- Regular board meetings were held (total of 12 regular meetings, 37 committee meetings)
 - HR and Health and Safety Policies and procedures were reviewed and updated
 - Compliance with new Bill S-211 (Supply Chains Act)
-

Challenges Faced

While ARC is making progress, we faced several challenges:

- Low fuel margins due to heavy competition and increased compliance costs
- Cyber security event during July 2024
- Project implementation delays (EV charges and 24hr Fueling)

Mitigation strategies have been put in place, and management continues to monitor and adapt.



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Future Outlook

Looking ahead, management aims to:

- Continue to expand service offerings to meet evolving member needs
- Strengthen financial sustainability and diversify income streams
- Enhance member participation and transparency
- Implement new technologies to improve efficiency

Our focus remains on member value, innovation, and inclusive growth.

8. Acknowledgments

We would like to thank the Board of Directors for their guidance, our employees for their dedication, and our members for their continued support and trust.

Together, we will continue building a resilient, inclusive, and forward-thinking cooperative.

Report of the Independent Auditor on the Summary Consolidated Financial Statements

To the Members of Armstrong Regional Cooperative

Opinion

The summary consolidated financial statements, which comprise the summary consolidated balance sheet as at February 1, 2025, the consolidated statement of operations and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Armstrong Regional Cooperative (the Group) for the year ended February 1, 2025.

In our opinion, the accompanying summary consolidated financial statements are consistent in all material respects, with the audited consolidated financial statements, in accordance with the criteria disclosed in Note 1 to the summary consolidated financial statements.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by accounting standards for private enterprises. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the consolidated financial statements and the auditor's report thereon.

The summary consolidated financial statements and audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the auditor's report dated TBD on the audited consolidated financial statements.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements for the year ended February 1, 2025 in our report dated TBD.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the criteria disclosed in Note 1 to the summary consolidated financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

BDO Canada LLP

Chartered Professional Accountants

Salmon Arm, British Columbia
May 5, 2025

Summary Consolidated Financial Statements

Statement of Consolidated Balance Sheet

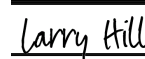
	February 01, 2025	February 03, 2024
Assets		
Cash	\$ 957,224	\$ 1,010,488
Account receivable	6,099,147	5,926,293
Inventory	5,596,256	4,676,826
Investment in Federated Co-operatives Limited	14,210,645	13,962,690
Property, plant and equipment	26,180,718	26,271,784
Goodwill and intangibles	13,509,079	10,523,507
Other assets	710,240	692,528
	<u>\$ 67,263,309</u>	<u>\$ 63,064,116</u>
Liabilities and Shareholders' Equity		
Accounts payable and accrued liabilities	\$ 1,082,135	\$ 1,391,337
Due to Federated Co-operatives Limited	17,261,590	13,955,842
Other liabilities	5,327,625	5,834,309
Shareholders' equity	43,591,959	41,882,628
	<u>\$ 67,263,309</u>	<u>\$ 63,064,116</u>

Statement of Consolidated Operations

	February 01, 2025	February 03, 2024
Revenue	\$ 141,049,688	\$ 138,950,940
Cost of sales	124,679,082	123,347,773
Gross profit	16,370,606	15,603,167
Other income	2,726,020	4,529,160
Operating expenses		
Advertising and promotions	343,995	326,889
Amortization	1,617,056	1,575,425
Interest and bank charges	555,550	442,568
Rent and overhead	3,910,351	4,467,059
Vehicles and travel costs	722,019	659,326
Wages and benefits	6,071,767	5,433,636
	<u>13,220,738</u>	<u>12,904,903</u>
Income before income taxes	5,875,888	7,227,424
Income taxes	(97,332)	110,901
Net income	5,973,220	7,116,523
Retained earning, beginning of year	31,715,051	30,432,759
Patronage dividends	(5,327,766)	(5,834,231)
Retained earnings, end of year	<u>\$ 32,360,505</u>	<u>\$ 31,715,051</u>

Statement of Consolidated Cash Flows

	February 01, 2025	February 03, 2024
Cash flows from operating activities	\$ 10,249,254	\$ 10,340,657
Cash flows from investing activities	(4,823,570)	(12,465,604)
Cash flows from financing activities	(5,478,948)	(311,373)
Net decrease in cash	(53,264)	(2,436,320)
Cash, beginning of the year	1,010,488	3,446,808
Cash, end of the year	<u>957,224</u>	<u>1,010,488</u>
Non-cash transactions		
— Increase in members' equity due to patronage allocation	\$ 1,028,134	\$ 704,346

Designed by

 Director

Signed by

 Director

Armstrong Regional Cooperative
Note to Summary Consolidated Financial Statements

February 1, 2025

1. Summary Consolidated Financial Statements

The summary consolidated financial statements are derived from the complete audited consolidated financial statements, prepared in accordance with Accounting Standards for Private Enterprises as at February 1, 2025.

The preparation of these summary consolidated financial statements requires management to determine the information that needs to be reflected so that they are consistent in all material respects with, or represent a fair summary of, the audited consolidated financial statements.

Management prepared these summary consolidated financial statements using the following criteria:

- (a) the summary consolidated financial statements include the statement of consolidated balance sheet, statement of consolidated operations and the statement of consolidated cash flows;
- (b) information in the summary consolidated financial statements agrees with the related information in the complete audited consolidated financial statements including comparative information and all major subtotals and totals; and
- (c) in all material respects, the summary consolidated financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete audited consolidated financial statements, including significant accounting policies and the notes thereto.

The complete audited consolidated financial statements of Armstrong Regional Cooperative are available upon request by contacting the management of Armstrong Regional Cooperative.



Akbal S Mund

Akbal moved to Vernon in 1993, buying shares in Wendy's Restaurants in his pursuit of the Okanagan lifestyle. Akbal and his partners grew the business from four stores to nine, and gave back to their respective communities through Wendy's Dreamlift Day, a charity event which raised money to send kids from the ages of 4-18 who had life threatening illnesses and severe disabilities to Disneyland. They also sponsored youth soccer, ages 5-18, from Penticton to Kamloops spending in excess of one million dollars in local sports sponsorships. As Akbal became more involved in the community, he took on various leadership roles, President of the North Okanagan Soccer Association, President of the 2012 BC Winter Games, President of Funtastic Sports Society, Vice Chair of VantageOne Credit Union, Vice President 2017 Special Olympics Games, Honorary Chair 2022 BC Winter Games, Director Kindale Board, President of The North Okanagan Sports Society, was named JCI Citizen of the Year for Vernon in 2012, Community Sports Hero Award in 2012, Director 2014 RBC Cup, Director 2024 Esso Cup, became the Mayor of Vernon in 2014, and now sits as a two term Councillor in Vernon. One very proud endeavour taken on by Akbal's baseball team was the Extreme Makeover of Easter Seals Camp in Winfield in 2014, where they rebuilt the entire camp with 300 of their friend, by collecting 1.5 million dollars of free donations.

Akbal's passion to be involved and his desire to make this Greater Vernon community the best place to live has continued for over 30 years. He now sits on the Regional Hospital Board, The Regional Airport Board, RDNO, as a Director of Funtastic and VantageOne Credit Union, and two years ago joined ARC as a Director and is the Chair of the MRC Committee. Akbal runs a restaurant and carwash in Vernon, and would like the memberships support to continue to add his value to the Armstrong Regional Co-Op Brand. With his connections in the community and abroad, he brings the ability to help better serve the membership going into the future through forward thinking and strategic decision making.

Thank you for your consideration

Akbal Mund

**Gene Creelman**

BCom., FCUIC, CSC,
ACCUD, GPC.d

Gene Creelman has a long and successful history of co-operative involvement. He was employed in the credit union industry for his whole career beginning in Saskatchewan and retiring as the Interior Savings Credit Union Senior Vice-President, Member and Community Engagement in 2022.

He has senior experience working at Central organizations as well as at individual credit unions. His career began in Saskatchewan with the Central credit union, then the credit union system credit card company before re-locating to B.C. and Central 1. Gene then took on a senior management role with a lower mainland credit union, prior to moving to Kelowna to accept a senior position with Interior Savings. In his role as SVP, Member and Community Engagement at Interior Savings, Gene had executive responsibility for marketing, product development, ESG, community engagement, research, and governance.

Gene obtained his Bachelor of Commerce degree from the University of Saskatchewan and has several industry designations as well as certification as a governance professional from the Governance Professionals of Canada.

His business activities extended beyond the walls of the credit union. He has been a member of several credit union province-wide committees of Central 1 credit union. Gene has also been the chair of national image and awareness sub-committee and was a committee member/chair for Collabria credit card services. He served as a trustee of the Credit Union Foundation of BC and the past President of the Abbotsford International Airshow Society as well as the Kelowna Flying Club.

Gene has been involved in several co-operative development programs. He has been a participant in Cooperative Development Foundation (CDF) coaching program and has been to Ghana helping co-operatives and credit unions with their management and board practices. His family has hosted female credit union managers as part of the CDF Women's mentoring program. These experiences have kindled both of his daughters to volunteer time in a hospital in Africa, as well as becoming a CDF intern in Peru.

Experiences in the financial co-op sector, as well as volunteer work with international co-ops and local organizations provide a great background for serving on the board of a regional co-op.

Gene and his wife Wendy have four adult children. They share a love for the outdoors and enjoy skiing in the winter and camping in the summer. In addition to being a credit union and co-op member since being a teenager, Gene plays golf, slow pitch, and hockey, is a private pilot, and has coached youth soccer and fastball.



Biography: Jag Badhan

I immigrated to Canada back in 1995 and spent many wonderful years in Quesnel, British Columbia. I attended the University of British Columbia in Prince George, where I completed my Bachelor of Commerce degree, majoring in accounting and finance, in 2009. During our time in Quesnel, we raised two lovely daughters, and I worked for the City of Quesnel for 17 years, holding various positions including Supervisor of Financial Services and Deputy Treasurer.

In 2017, we made the move to Kelowna so that our daughters could pursue their education at Okanagan College and the University of British Columbia Okanagan Campus. I joined the City of West Kelowna as a Senior Accountant in the finance department, where I managed the City's capital budget of up to \$129 million in 2021.

In 2020, I enrolled in the Certified Supply Chain Leader Professional designation program and, after completing the CSCL designation in 2023, I took on the purchasing management position with the City of West Kelowna. Additionally, I am a Finance and Audit Committee Member with the National Institute of Supply Chain Leaders (National Association).

Outside of work, I thoroughly enjoy the Okanagan lifestyle and love hiking around the stunning lakes in the area. Gardening is another passion of mine, especially tending to the peach fruit trees in my backyard. I also make time to volunteer by helping kids in India with their education.

