



ANNUAL REPORT



Armstrong Regional Cooperative

Box 250, Armstrong BC

T 888.535.2667 / 250.546.9438

Canada, V0E 1B0

www.armstrong.coop F 250.546.9478

104th Annual General Meeting

7:00pm, Wednesday, 25 March 2026, 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- KIRSTEN GREEN

ELECTION OF THE DIRECTORS

REPORT FROM THE BOARD OF DIRECTORS – LARRY HILL

REPORT FROM THE GM - HANS PETERSEN

REPORT OF THE AUDITORS- ANDREW SHAW (BDO CANADA LLP)
MOTION REQUIRED

APPOINTMENT OF THE AUDITORS - MO CHOUDRY
MOTION REQUIRED

UNFINISHED/NEW BUSINESS

ADJOURNMENT



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ARC BOARD OF DIRECTORS REPORT TO THE MEMBERSHIP 2026

Under the Corporate regulations and under the Co-operative Act of British Columbia the Board has the following functions:

- A Strategic oversight
- B GM supervision
- C Succession planning
- D Legal and ethical compliance
- E Financial stewardship

To fulfill these responsibilities, one of the major steps we take is a strategic planning session in conjunction with senior management of ARC. This past year we reaffirmed our basic plan to continue to diversify the Co-operative's income stream by having less emphasis on gas bar additions. Instead, we have expanded our Liquor outlets and our property management divisions.

Our co-operative continues to uphold the highest standards of governance and regulatory compliance:

- Regular board meetings were held 8 times due to the shortened year with 20 committee meetings
- Board attendance at FCL AGM
- Board representation on FCL Nominations committee
- Compliance with Bill s-211 (supply chains act)
- Compliance with Federal plastics registry

The overall results are very positive. We certainly are not a small Co-operative as was the case less than 10 years ago. We are now a quite successful medium sized Co-operative with a very bright future.



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General Manager's Report – March 25, 2026

Introduction

The Management Team of Armstrong Regional Cooperative (ARC) is pleased to present this report to the 104th Annual General Meeting. This report highlights our operational performance, strategic progress, and challenges faced during the shortened financial year ending September 27, 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: 44,000
 - New members registered: 4,950
 - Core services/products offered:
 - Retail, Bulk, and Commercial Fuel Sales
 - Oil and Lubricant Sales
 - Convenience stores
 - Retail Liquor Sales
 - Agricultural Seed Sales
 - Storage
 - New initiatives launched:
 - Credit card facility at Canoe Cardlock
 - ECOTank window washer dispensing system in Salmon Arm
 - ARC Liquor AI e-Commerce platform
 - Re-vamped fresh food transfer program
 - Liquor Inventory management procedure implemented across all ARC Liquor locations
-



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Financial Performance

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

Key Financial Figures (**Shortened 8-month financial year)

- Total Revenue: \$89,668,568
- Net Surplus: \$2,855,478
- Total Assets: \$71,999,521
- Shareholder Equity: \$44,067,740

Detailed financials are provided in the Auditor's compilation report.

Strategic Projects and Initiatives

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

- **Financial Security:** stricter credit limits, established new credit facility with RBC
 - **Risk Management:** full Enterprise Risk Management audit conducted by Senior Management
 - **Business Diversity:** New property acquired in Kelowna (long-term revenue generated at 7% cap rate), added Seed sales to service offering
 - **Employee Engagement:** Improved participation at Staff townhalls, engagement surveys
 - **Community Support:** increased scope of charities and non-profit organizations supported to the tune of \$125,000
-

Challenges Faced

- Heavy competition in bulk and cardlock sales resulted in lower margins
- Increased governmental compliance costs and regulations for fuel
- Stagnation of liquor demand in B.C. market
- Significant inflation in repair and maintenance costs through all divisions

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



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Future Outlook

- Sustained efforts to grow membership and the value proposition for existing members
- Continue to expand service and product offerings to meet evolving member demands
- Increase support of non-profit organizations and charities by adding the FCL Community Matching program
- Focus on cost control and operational excellence
- Emphasis on Customer Experience for all divisions

8. Acknowledgments

Management 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.

Our co-operative is well-positioned to face current economic challenges which continuing our sustainability.

Thank you.

Hans Petersen

General Manager

**Armstrong Regional Cooperative
Consolidated Client Information
Package
For the Period Ended September 27, 2025**

**Armstrong Regional Cooperative
Consolidated Financial Information
For the Period Ended September 27, 2025**

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Tel: 250 832 7171
Fax: 250 832 2429

BDO Canada LLP
571 6th Street NE, Suite 201
Salmon Arm, BC, V1E 1R6

Compilation Engagement Report

To Management of Armstrong Regional Cooperative

On the basis of information provided by management, we have compiled the consolidated balance sheet of Armstrong Regional Cooperative as at September 27, 2025 and the consolidated statement of retained earnings, and statement of operations for the period then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information.

Management is responsible for the accompanying consolidated financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

BDO Canada LLP

Chartered Professional Accountants

Salmon Arm, British Columbia
February 6, 2026

Armstrong Regional Cooperative Consolidated Balance Sheet

As at	September 27, 2025	February 1, 2025
Assets		
Current		
Cash	\$ 953,158	\$ 957,224
Accounts receivable	6,997,745	6,119,082
Income taxes receivable	-	371,917
Inventory	5,227,702	5,596,256
Prepaid expenses	244,968	286,323
Current portion of loan receivable	12,000	12,000
	13,435,573	13,342,802
Investment in Federated Co-operatives Ltd.	14,210,645	14,210,645
Loan receivable	33,000	40,000
Property, plant and equipment	30,811,224	26,180,718
Intangibles	6,050,000	6,050,000
Goodwill	7,459,079	7,459,079
	\$71,999,521	\$ 67,283,244
Liabilities and Shareholders' Equity		
Current		
Bank indebtedness	\$ 2,709,651	\$ -
Accounts payable and accrued liabilities	1,211,786	1,102,070
Patronage payable	3,296,628	5,327,625
Due to Federated Co-operatives Ltd.	11,458,103	14,297,603
	18,676,168	20,727,298
Due to Federated Co-operative Ltd.	9,255,613	2,963,987
	27,931,781	23,691,285
Shareholders' Equity		
Share capital	12,159,864	11,231,454
Retained earnings	31,907,876	32,360,505
	44,067,740	43,591,959
	\$71,999,521	\$ 67,283,244

On behalf of the Board:

_____ Director _____ Director

**Armstrong Regional Cooperative
Consolidated Balance Sheet**

September 27, 2025

February 1, 2025

**Armstrong Regional Cooperative
Consolidated Statement of Retained Earnings**

For the period ended	September 27, 2025 (8 months)	February 1, 2025 (12 months)
Balance, beginning of the period	\$ 32,360,505	\$ 31,715,051
Net income	2,855,478	5,973,220
Patronage dividends	<u>(3,308,107)</u>	<u>(5,327,766)</u>
Balance, end of the period	<u>\$ 31,907,876</u>	<u>\$ 32,360,505</u>

Armstrong Regional Cooperative Consolidated Statement of Operations

For the period ended	September 27, 2025 (8 months)	February 1, 2025 (12 months)
Revenue	\$ 89,668,568	\$ 139,685,013
Cost of sales	(79,716,156)	(126,210,618)
Federated Co-operatives Limited loyalty program	2,106,804	2,896,211
Gross profit	12,059,216	16,370,606
Operating expenses		
Advertising and promotion	138,556	217,507
Amortization	1,103,897	1,617,056
Bad debts	61,528	160,220
Collections fees	441,219	757,627
Communications	23,824	17,826
Director's meetings	10,832	3,005
Insurance	99,012	65,154
Interest and bank charges	61,158	56,232
Interest on loan	409,622	499,318
Leases	395,532	578,808
Member relations	112,963	107,792
Office	223,156	400,777
Other direct costs - fuel trucks	332,937	385,896
Professional fees	95,652	133,184
Property taxes	332,352	401,855
Repairs and maintenance	461,299	674,803
Travel	32,425	37,380
Utilities	232,899	331,196
Vehicles	565,454	703,335
Wages and benefits	4,287,417	6,071,767
	9,421,734	13,220,738
Income before other income and income taxes	2,637,482	3,149,868
Other income		
Gain on disposal of equipment	24,332	13,375
Interest income	193,664	233,097
Patronage dividend from Federated Co-operatives Ltd.	-	2,479,548
	217,996	2,726,020
Income before income taxes	2,855,478	5,875,888
Income tax (recovery)	-	(97,332)
Net income	\$ 2,855,478	\$ 5,973,220

The accompanying note is an integral part of this consolidated financial information.

Armstrong Regional Cooperative Note to Consolidated Financial Information

September 27, 2025

1. Basis of Accounting

The basis of accounting applied in the preparation of the financial information is on the historical cost basis, reflecting cash transactions with the addition of:

- accounts receivable less an allowance for doubtful accounts
- financial instruments are recorded at fair value at initial recognition
- inventory is recorded at the lower of cost and net realizable value
- property, plant and equipment amortized over the assets' useful lives
- intangible assets with an indefinite life are not amortized
- accounts payable and accrued liabilities
- current income taxes payable as at the reporting date
- investment in Federated Co-operatives Ltd., recorded in accordance with shares issued
- goodwill and intangible assets recorded at cost less any impairment recorded
- bank indebtedness recorded at historical cost plus any interest payable
- long-term debt including interest payable
- consolidated the accounts of the Group and wholly-owned subsidiaries, 0818216 BC. Ltd. and Katountas Holdings Ltd.

BRETT H. KIRKPATRICK, LLB

Having grown up in London, Ontario, I studied law at the University of Western Ontario, and was called to the Ontario Bar in 1988, later joined the British Columbia Bar in 1995. I have been a partner in law firms, including acting as a managing partner. I was certified as a mediator in 2010 and continue to practice law and mediation.

I have gained a broad range of business and governance experience through my roles as a partner and managing partner, as well as through various community positions, including:

- The Vernon and District Fantastic Sports Society (15 years as a Director, & 5 years as President);
- I.P.E. Board Director (5 years);
- Past member of the Vernon Jaycees (now JCI);
- President of political riding association (10 years Provincial, & 4 years Federal);
- Vernon Bar Association Treasurer (3 years);
- North Okanagan Shuswap Brain Injury Society Director (4 years);
- Downtown Vernon Association Director;
- Vernon Curling Club Director.

I have also held appointed roles with the:

- Vernon Jubilee Hospital Ethics Committee;
- 55+ BC Games Committee.

In addition, I bring private-sector governance experience through service on the boards of various private corporations.

Outside of work and volunteer roles, I have enjoyed downhill skiing, curling and for many years, I was a horse owner and avid equestrian rider.

I am currently a Director of the Armstrong Regional Cooperative, having served for 2 terms (6 years) and held positions of Vice President and chair of the Policy Committee.

I would be honoured to continue serving as a Director of the Armstrong Regional Cooperative.



Robbie Hoyte

Robbie was born and raised in the North Okanagan, with deep family roots in the region spanning five generations. As a Commercial Banking Advisor with Valley First, Robbie specializes in supporting local businesses through financial planning and commercial financing.

Robbie brings extensive board and community leadership experience. He is a past President of JCI Vernon and previously served as a Director with the North Okanagan Neurological Association (NONA). He has also volunteered in various capacities with the Vernon Winter Carnival Society and the Downtown Vernon Association.

It has been an honour for Robbie to serve the members of the Armstrong Regional Co-op over the past six years. During this time, the Co-op has experienced significant growth and expansion. While much has been accomplished, Robbie believes there is still important work ahead and is eager to continue contributing his experience, financial expertise, and local perspective to add value for the membership.

Outside of work and volunteering, Robbie enjoys hiking, snowshoeing, golfing, and travelling, while taking full advantage of everything the Okanagan Valley has to offer.

BIO – Mohammad Choudhary



The past three years as a director with Armstrong Regional Cooperative (ARC), has been a privilege to serve the community. The opportunity to make an impact to the membership, through good cooperative governance is paramount. Good corporate governance creates transparent rules and controls, provides guidance to leadership, and align the interests of stakeholder. It helps build trust with the membership. I believe my current experience as a Board of Director of Armstrong Regional Cooperative and past experience as a Director of Southern Plains Co-op (Saskatchewan), is an asset to ARC. I respect and understand what the Co-op model means.

My professional experience has stemmed from working with MNP and Deloitte. This background has helped me work in various senior roles in management with organizations, such as First Nations, School District and Municipalities. It's important to have a board member that has a strong understanding of the co-op's financial position. As such, I will continue to help in making financial decisions for the organization, that will come handy as ARC look towards growth.

The ARC's business model has sparked my interest from the beginning and I feel I can continue to make an impact with my background. As someone with experience in the Co-op business model, I would be a great addition again to the board. I look forward to working collaboratively to achieve our business and community goals. I believe in diversity and building a sense of community.

The board is a group of members that have been elected to make decisions for the co-op on behalf of all the other members. I am here to serve all members and will come with an unbiased opinion to serve all members, customers, employees, and stake holders. I have one voice and like all members one vote. How I use this voice to serve all depends on what I bring to the table.

I bring to the table financial literacy, prior board experience, senior management experience, willing to share ideas, collaborative, eager to participate, prepared, attentiveness and a burning desire to do the right thing for the membership.

Bio – Andy Munro Mar 3/26

Andy Munro has built a long and successful career owning and managing businesses in the grocery, fuel, liquor, and promotional products sectors.

He first came to Salmon Arm in 1989 when he purchased Mellor's General Store. At that time, the store operated as a full-service grocery outlet, including meat and produce departments, along with a Petro-Canada gas bar.

In 2000, Andy became the owner and manager of Smart Imprinting & Promotions in Salmon Arm. The company specialized in screen printing, embroidery, and a wide range of promotional products. The business served local companies, schools, and sports organizations, supplying branded apparel, uniforms, and customized merchandise.

In 2010, Andy began his career with Co-op as General Manager of Tappen Co-op. In this role, he was responsible for daily operations, maintenance, sustainability, and strategic growth. He successfully secured a Rural Agency Store Liquor License for the organization and worked closely with the Board of Directors—planning board meetings, preparing financial reports, and contributing to long-term strategic planning.

From August 2022 to January 2025, Andy was a member of the management team at Armstrong Regional Co-op. During this time, he contributed to the conversion of three Husky locations in Salmon Arm, Vernon, and Cranbrook. He was also involved in two liquor store acquisitions in Kelowna. Notably, Andy led the development of the Revelstoke liquor store, overseeing site selection, liquor license acquisition and transfer, building and fixturing, inventory procurement, and staffing. In addition, he managed the construction of a cold storage building and negotiated the lease of the "Block Plant" building on the commercial property in Vernon.

Andy and his wife, Barb, have two adult children. They share a love of the outdoors, enjoying Nordic and alpine skiing in the winter and camping in the summer. Andy also enjoys curling, cycling, and tennis.



David J.A. Porteous EPC
Retired

For 38 years I owned businesses in retail sales, Insurance, and Financial related Businesses. I have extensive experience in marketing to over 200,000 households annually across Canada. My background also includes creating Training Courses for HR Departments, Business Owners, Unions and for Trustees/Directors in Governance and Fiduciary responsibilities. I am a Charter Member for the Canadian Initiative for Elder Planning Studies (CIEPS).

Over the years I have had the privilege to server on many boards, having a strong belief in giving back to the communities that helped make my companies successful. I Believe I can help make ARC even more successful through enhanced member communications, better employee relationships and Corporate Public image. If you have any questions, please email me at dave@weconsultants.ca

Business & Board Bio

Past President of: Canadian Administrative Underwriting Services Inc., WE Consultants & Benefits Ltd., The Kelowna Club, The Okanagan Dog Owners Association, Past Director of: Okanagan College Board., Past member of the Management Arts Advisory Council University of Lethbridge., The Tax Exemption Task Force City of Kelowna., The Rutland Task Force., Past Trustee, Canadian Benefits Trust Fund and Past Director of the Uniter Way of the Central & South Okanagan/Similkameen including the Allocations and Governance Committees.

BIOGRAPHY -

Justin Santos is an electrician who has spent years serving his community by maintaining and building electrical systems to ensure it is safe and reliable. His work reflects a strong sense of responsibility and commitment to public safety.

He has been actively involved in the trades community through professional associations, mentoring aspiring electricians, and organizing events that bring people together. He values giving back through collaboration with charitable organizations and involvement with the community. Justin approaches challenges with an open mind and a solution focused mindset, looking for practical improvements and new ideas.

Outside of work, he enjoys boxing, music and painting. He believes in supporting local investment, encouraging young people, and contributing to a fiscally responsible and community focused organization.

