



You're at home here.

2020 Annual Report





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Aspirational Statement

Boundary Co-op is a team that delivers WOW by providing exceptional service to our customers and guests. Our customers feel at home when they enter our facilities, because we are a face they know and can trust. Boundary Co-op is an employer of choice because of our desire to develop from within, and our continuous focus on a safe work environment. We are a pillar in our community, creating shared value. Financially we are strong, positioning our Co-op for sustainable growth by adapting to the ever-changing business landscape.

Boundary Co-op Values

Responsibility.

Accountability is important.

- Respect the environment
- Be accountable for your actions

Integrity.

Be honest and trustworthy.

- Act ethically, communicate openly
- Respect your colleagues, our members and our business partners

Community.

Local leadership matters.

- To foster a family atmosphere focused on achieving our vision
- Care for our communities and invest in them

Excellence.

Strive to be the best.

- Focus on continuous improvement and celebrate success
- Innovate and evaluate

Vision

Making a positive difference by being a leading business in the communities we serve.

Mission

To be customer-focused and the best at providing products and services to our communities.





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Message from the General Manager

Boundary Co-op continued to live our vision and mission in 2020. During the pandemic, we continued to be customer-focused by providing great service during a challenging time. Our team made decisions quickly, always ensuring our members were safe while receiving the high level of service they have come to know. I am very proud of how our team persevered during these unprecedented times. We have a great group of people working with us, and that is why we continue to be successful and are able to change and adapt to new situations.

Boundary Co-op had another successful year financially, but due to the pandemic, there were many challenges we had to overcome. We implemented a number of safety measures quickly to improve the safety of our team and customers. Traditionally, the majority of our sales are driven by petroleum but, in 2020, it was food sales that contributed to the majority of our revenue. This shift occurred due to less demand for petroleum products, declining pricing, and increased local shopping. I would like to thank all of our customers for their continued support.

A few highlights from our 2020 financial report:

Sales: \$66,590,057

Local Savings: \$1,842,324

Net Savings: \$3,638,375

Allocation to Members: \$2,139,054

General Repayment: \$1,408,640 (paid in October in 2021)

Boundary Co-op continued to invest in our communities in 2020. Our team members volunteered for various local organizations and groups, while we contributed with both product and monetary donations. In 2020, Boundary Co-op donations totaled \$86,371! Our most notable donations included the Assisted Living Project in Boissevain (\$30,000), the Deloraine Grow Project (\$5,000) and the Killarney Airport Project (\$5,000). These projects are in addition to the programs we regularly offer each year, including Communities in Full Color, Fuel Good Day, bursary awards to graduating students in our trading area, and continued support for local youth, organizations and clubs.

In closing, I would again like to thank our members for their continued support, our team for their hard work and dedication, and the Boundary Co-op Board of Directors for their leadership.

Thank you,

A handwritten signature in black ink, appearing to read "Ryan Polnik".

Ryan Polnik
General Manager



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Boundary Co-op recognizes *good work*

Boundary Co-op celebrates the success of our team members and recognizes their contributions towards their personal growth, our organization, and to our communities. Our team members help create and share meaningful experiences every day – for our customers and for each other. The team at Boundary Co-op works together, connecting with local members and giving back to the community. And we firmly believe they are the reason for our continued success.

Boundary Co-op wishes to acknowledge the long-term service of the following employees within our organization.



5 Years

Jamie Roberts
Crystal Bonchuk-Richards
Matthew Dickinson
Donald Sims
Kevin Keach
Michael Dillabough
Tanja Endres
Alicia Szwagierczak

10 Years

Maybelline Maxwell
Shirley Bell
Pat Griffith
Korey Garabed

15 Years

Keith Vandermeulen

20 Years

Hilda Manness
Connie Fuchs

25 Years

Shelley Hole
Gerri Racine

35 Years

Don Gordon



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Your home is *our home*

We believe our members and customers feel at home because we too are part of the fabric of the communities we serve. We live, work and go to school here. We build enduring relationships with our members and neighbours. We inspire our employees to bring our brand to life every day by modeling and celebrating a culture of teamwork, giving and growth.

Co-op contributes to our vibrant communities by creating jobs, working with other local businesses, and giving to non-profit and charitable organizations. Boundary Co-op firmly believes in the importance of investing in local initiatives which benefit of our communities.

This past year, Boundary Co-op gave a total of \$86,371 in donations to various local charities and organizations!



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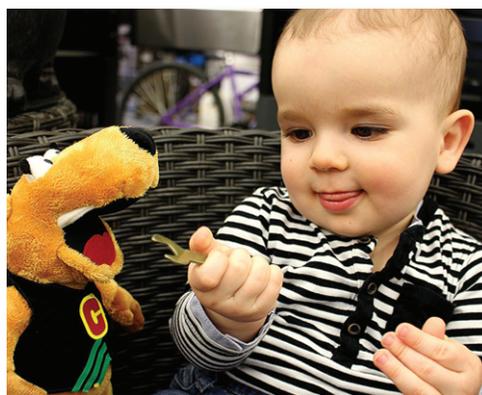
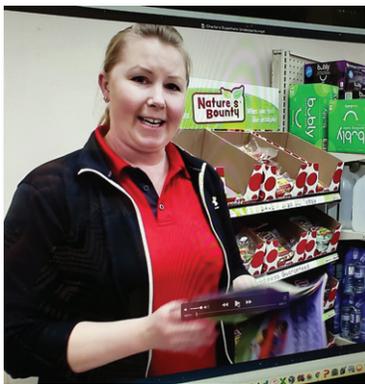
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Local.

At Boundary Co-op, we understand that our values must align with our members' values and our community's values. When we invest not only money, but time in our community, we are investing in its long-term success.

Being community-minded means that whether it is hosting one of our Kids' Club activities, a fundraising event, or a BBQ lunch, we are committed to doing those things which benefit our members and neighbours.





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Report on the Audit of the Financial Statements

To the Members of Boundary Consumers Cooperative Ltd.:

Opinion

We have audited the financial statements of Boundary Consumers Cooperative Limited (the "Co-operative"), which comprise the balance sheet as at January 31, 2021, 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 January 31, 2021, 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.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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.

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.

Report on Other Legal and Regulatory Requirements

As required by paragraph 11 of the Co-operatives Regulations, 1998, we report that, in our opinion, the accounting principles of the Canadian accounting standards for private enterprises have been applied on a basis consistent with that of the preceding year.

Brandon, Manitoba
May 11, 2021

MNP
LLP

Chartered Professional Accountants



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Boundary Consumers Cooperative Limited
Balance Sheet
As at January 31, 2021

	2021	2020
Current assets		
Cash and cash equivalents	\$ 8,759,795	\$ 2,763,925
FCL special deposit (Note 4(a))	4,011,116	7,560,654
Term deposit (Note 6)	150,000	150,000
Accounts receivable	1,908,040	2,908,221
- Customer (Note 5)		
- Other	107,968	13,564
Income taxes recoverable	141,616	-
Inventories (Note 7)	7,476,989	7,639,660
Prepaid expenses	147,640	136,333
Current portion long-term receivable (Note 8)	65,545	43,382
	22,768,709	21,215,739
Long-term receivable (Note 8)	141,913	44,464
Investments		
Federated Co-operatives Limited (Note 4(b))	10,219,673	10,106,982
Other organizations	646	646
Property, plant and equipment (Note 9)	15,455,938	16,611,157
Goodwill (Note 10)	153,350	153,350
Total assets	\$ 48,740,229	\$ 48,132,338
Current liabilities		
Accounts payable and trust liabilities (Note 12)	\$ 4,309,422	\$ 5,459,047
Customer prepaid accounts	235,922	139,582
Income taxes payable	-	27,255
	4,545,344	5,625,884
Asset retirement obligation (Note 4(c))	142,593	138,617
Total liabilities	4,687,937	5,764,501
Members' equity		
Share capital (Note 13)	17,036,881	16,881,071
Reserves and retained savings (Note 14)	27,015,411	25,486,766
	44,052,292	42,367,837
Total liabilities and members' equity	\$ 48,740,229	\$ 48,132,338

Subsequent event (Note 22)



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Boundary Consumers Cooperative Limited
Statement of Net Savings and Statement of Retained Savings
For the Year Ended January 31, 2021

	2021	%	2020	%
Sales (Note 15)	\$ 66,590,057	100.0	\$ 66,419,864	100.0
Cost of goods sold	53,834,604	80.8	55,858,535	84.1
Gross margin	12,755,453	19.2	10,561,329	15.9
Expenses				
Operating and administration	11,204,432	16.8	10,870,615	16.4
Net interest (Note 17)	(291,303)	(0.4)	(398,912)	(0.6)
	10,913,129	16.4	10,471,703	15.8
Savings from operations	1,842,324	2.8	89,626	0.1
FCL loyalty program (Note 4(d)(iii))	1,219,878	1.8	208,665	0.3
Patronage refunds (Note 4(b))	1,126,909	1.7	3,954,333	6.0
Savings before amalgamation	4,189,111	6.3	4,252,624	6.4
Gain on amalgamation	-	-	9,328,790	14.0
Savings before income taxes	4,189,111	6.3	13,581,414	20.4
Income tax expense (Note 20)	550,736	0.8	620,340	0.9
Net savings	\$ 3,638,375	5.5	\$ 12,961,074	19.5
Retained savings, beginning of year	\$ 9,577,156		\$ 863,134	
Net savings	3,638,375		12,961,074	
Transfer to general reserve (Note 14)	(418,929)		(1,358,141)	
Transfer to special reserve (Note 14)	(9,577,594)		(863,743)	
Patronage allocation to members (Note 13)	(2,138,177)		(2,025,168)	
Retained savings, end of year (Note 14)	\$ 1,080,831		\$ 9,577,156	



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Boundary Consumers Cooperative Limited
Statement of Cash Flows
For the Year Ended January 31, 2021

	2021	2020
Operating activities		
Net savings	\$ 3,638,375	\$ 12,961,074
Adjustments for:		
Depreciation	1,489,171	1,366,472
Accretion	3,976	4,776
FCL patronage refund	(1,126,909)	(3,954,333)
Loss (gain) on the disposal of property, plant and equipment	(2,915)	1,413
Gain on amalgamation	-	(9,328,790)
Changes in non-cash operating working capital:		
Accounts receivable	905,777	(1,526,998)
Income taxes recoverable	(141,616)	89,324
Income taxes payable	(27,255)	27,255
Inventories	162,671	(1,404,168)
Prepaid expenses	(11,307)	(51,533)
Long-term receivables	(119,612)	40,811
Accounts payable and trust liabilities	(1,149,625)	4,130,540
Customer prepaid accounts	96,340	(77,368)
Net working capital acquired on amalgamation	-	1,434,934
Cash provided by operating activities	<u>3,717,071</u>	<u>3,713,409</u>
Investing activities		
Redemption of FCL shares	1,014,218	4,913,123
Additions to property, plant and equipment	(346,137)	(2,597,794)
Proceeds from the disposal of property, plant and equipment	15,100	-
Investment in other organization	-	6,309
Term deposit	-	(150,000)
Cash acquired from amalgamation	-	2,294,578
Cash provided by investing activities	<u>683,181</u>	<u>4,466,216</u>
Financing activities		
Repayment of long-term debt	-	(213,488)
Share capital issued	2,660	2,810
GST on allocation	70,068	51,102
Redemption of share capital	(2,026,648)	(1,993,452)
Cash used for financing activities	<u>(1,953,920)</u>	<u>(2,153,028)</u>
Net increase in cash and cash equivalents	2,446,332	6,026,597
Cash and cash equivalents, beginning of year	<u>10,324,579</u>	<u>4,297,982</u>
Cash and cash equivalents, end of year	<u><u>\$ 12,770,911</u></u>	<u><u>\$ 10,324,579</u></u>
Cash and cash equivalents are comprised of:		
Cash and cash equivalents	\$ 8,759,795	\$ 2,763,925
FCL special deposit	4,011,116	7,560,654
	<u><u>\$ 12,770,911</u></u>	<u><u>\$ 10,324,579</u></u>



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Seven International Co-operative Principles

Boundary Co-op, like all co-operatives, is based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of our founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

These seven co-operative principles are guidelines by which Boundary Co-op puts its values into practice.

1) Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2) Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

3) Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4) Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5) Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6) Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7) Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.



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