



Southland

Southland Co-operative Ltd.

Annual General Meeting

Was held Monday, October 5, 2020

St. George's Parish Hall, Assiniboia, SK @ 7:00 p.m.

Due to the COVID-19 Pandemic and SHA rules, we hosted a condensed version of our annual meeting. Only 30 members were allowed to attend the meeting where we reviewed the financial statements, announced the results of the election for Directors that was held in March, appointed the auditors for the upcoming year, and heard a few comments from our President and General Manager.

GENERAL MANAGER'S REPORT

COVID-19 has changed our lives and we are all adjusting to what everyone calls will be the new normal. Our Co-operative has also adapted with many changes as how we do business each and every day. This change affected the whole area around meetings & gatherings that we need to meet as a Co-operative, namely our annual meeting. We have decided to host a meeting with the maximum number of people allowed and then fully publish last year's results for all members to view. Hopefully we can get back to normal next spring with our meeting.

Now for some highlights of the past fiscal year. Southland Co-op's annual sales finished at \$58.6 million a decrease of approximately \$2.0 million or 3.3% from last year. The decreases were pretty well across the board from all departments.

Our whole trading area was hit with little rain over the past two summers which greatly affected our Agro/Petroleum Division along with the rest of the Co-operative. We are a Retail that is very reliant on Agriculture and the need for our members to have a great year as well.

Over the last number of years, we have upgraded facilities, built new card locks, purchased new equipment to ensure we can provide the great service expected. With that comes the increased depreciation we have to expense out every year. This has been very evident again this year. Local operations finished with a local loss of \$635,000 compared to a local loss of \$493,000 last year. Included in this loss is over \$1.2 million of depreciation.

Our allocation from FCL was \$3.1 million down by \$600,000. The has left us with a net profit for the year of \$2.3 million or 4.0% of sales after income tax. Still a pretty good year considering.

On the capitol asset side, we purchased the new Bulk Oil Delivery Unit for our Petroleum Division. This has been working great and has been utilized by many of our members. We hope to continue to expand this business moving forward as members learn about it. We also have agreements in place with our neighboring retails to deliver for them and this has been successful as well.

President's Report

Thank-you for your support throughout 2019. You, the members, are responsible for the successes of Southland Co-op.

Being located in a primarily agriculture-based area, the weather plays an important part in our sales. It presented many challenges in 2019. Sales were down slightly to \$58.6 million. In June, we were pleased to be able to payout \$850,000 in equity to our members.

We continue to support community projects in our trading area through our Member Relations Program.

Upgrading and improving our facilities remains a priority. The renovations to the Coronach Food Store and Service Centre are now complete.

The Southland Co-op Board of Directors is a 9-member board. We are elected for 3-year terms which expire on a rotational basis. This year we had 3 vacant positions and received only 2 nomination papers. The Board has appointed Jarret Orten to fill the vacant position. I would like to welcome Jarrett to the Board. We look forward to working with you.

I would like to thank retiring Director Robin Cristo for his years of service on Southland Co-op's Board. Robin completed 9 years on the Board.

A big thank-you to our staff and management for all their hard work and dedication to Southland Co-op. You have gone above and beyond to provide a safe shopping experience for everyone.

As always, we welcome your suggestions and comments.

Pat Piche

Board Chair

A new van for food deliveries was purchased for the Assiniboia Food Store along with a new 1/2 ton for Petroleum.

The septic tank at the Agro Centre was upgraded and plans continue to be looked at to upgrade that facility.

Our big project of the year was the construction of the new cardlock in Coronach. A nice new site with lots of room for the large trucks to access. Renovations also went on in the Coronach Food Store & Farm Service. The food store saw new coolers and freezers installed along with a new area for our liquor department. Newer check-outs and produce tables completed this upgrade.

At the Farm Service we decommissioned the old pumps and tanks and installed brand new equipment. The site was graded and prepped for pavement. (update, pavement is happening September 26,27th). Interior renovations included new offices and new confectionary counters to better display these items. In total, approx. \$2.5 million was invested in Coronach this past year.

We have upgraded numerous computers throughout the co-operative as many are outdated or at the end of life.

We continue to review our assets each year and build a plan to upgrade as necessary.

The start of 2020 has been nothing but boring. With the pandemic, our team has implemented/changed over 200 different policies to ensure the safety of our staff and customers. Everything from plexiglass, sanitizers, masks, social distancing. This has been the major focus so far this year. We implemented a staff appreciation pay for front line staff as many other companies have done. This has helped a bit but anxiety levels still remain but we must do everything we can to reduce the spread of the virus. In August we implemented mandatory masks for all staff and this has been well received by staff and customers.

The Home Centre finally received the last of four selling centers this summer and that project is now complete.

More recently, we leased out the shop in Mossbank to Dale & Lisa Nagel. They have recruited Chris McIvor as a journeyman mechanic and it has been a great start already.

As already mentioned, our Board was very busy in 2019, they approved a cash payout of over \$1.2 million. This

payment covered the general repayment in June along with the Aged Bylaw.

In total, with estates, our aged bylaw and move away, the Co-op paid out \$1,630,782. We have now paid out over \$14.0 Million in *cash* to our members in the last 10 years. This cash is returned to you the members to do with as you please. This is the huge benefit of being a member and owner of your Local Co-op. This is above the approx. \$16 million the Co-op has invested into new assets/renovations of facilities within the trading area during the same time period.

For this year, your Board was very pleased to announce an allocation of 4.5% on petroleum purchases, 9% on oil and 2.25% on all other commodities. I did the math and the 4.5% on petroleum equals 4.5 c/l without GST. HUGE BENEFIT.

Equity and Cash back is the best form of loyalty reward program anywhere.

The total payout to the members that was paid out in June was approximately \$850,000.

Our Member's Relation budget continues to reach more + more groups every year. This past year Southland Co-op sponsored and/or supported projects/groups for over \$86,000. Many of these groups rely on our support to have successful events and we continue to budget for this.

Our member relation budget remains the same for 2020. We continue to receive many requests for support and we try our her best to ensure they fit our criteria and can be a positive factor in the event.

I would like to thank our entire staff group for their Hard work and providing our members with excellent customer service during this Pandemic. I cannot say it enough the work all of our staff have put in to help get through this crisis.

THANK YOU VERY MUCH.

Finally, to all of our members of Southland Co-op for your continued support and understanding during this time.

Thank you.

Respectfully submitted,
Kenneth Bahuaud

Announcement of the 2020 Directors – Returning Officer – Barb Ermel

For the 2020 fiscal year, Southland Co-operative Ltd. did not require an election. There were 3 positions eligible for election. Notices were inserted in all local papers and on social media within the required time lines. At the close of the nomination period there were only 2 nominations filed, therefor both were in by acclamation and one remained vacant.

The following is the updated list of Directors and their terms:

Lynne Piche of Gravelbourg	2023	re-elected
Marc Topola of Assiniboia	2023	re-elected
Vacant	2023	
Real Durand of Willow Bunch	2022	
Anita Palmier of Lafleche	2022	
Bruce Anderson of Lafleche	2022	
Pat Piche of Assiniboia	2021	
Jeannette Moquin of Gravelbourg	2021	
Jim Achtymichuk of Coronach	2021	

Thank you to our Directors for letting your name stand for the Board of Southland Co-op.

Robin Cristo of Assiniboia retired from the Board after 9 years of service and will be greatly missed. Thank you for your time spent on the Board.

Jarrett Orten of Assiniboia was appointed to the Board of Directors in August to fill the vacant position.

Presented by Barb Ermel



The Board of Directors would like to thank Robin Cristo for 9 years on the Board. Pat Piche present Robin with a certificate of recognition.

Jarrett Orten joined the Board of Directors in August 2020.



2020 Director's Report

Welcome to the 82nd Annual General Meeting of Southland Co-operative.

It gives me great pleasure to give this report on behalf of your Board of Directors. I will now introduce the Directors. Pat Piche from Assiniboia – our President, Marc Topola from Assiniboia – Vice President, Lynn Piche of Gravelbourg – Secretary, Jeannette Moquin of Gravelbourg, Bruce Anderson from Lafleche, Anita Palmier from Lafleche, Jarrett Orten from Assiniboia, and lastly myself, Jim Achtymichuk from Coronach

2019 saw Robin Cristo of Assiniboia retire from our Board, and we thank him for his time with us.

Your locally owned and controlled Co-op serves as one of the largest employers in the area. There are roughly 160 Management and staff employed at all locations. Through our Members Relations Department, we have supported local community activities amounting to \$86,500 in 2019. This includes art, culture, sports, recreation, educational and many other projects. Southland Co-op strives to be a responsible corporate member of the community, and we are proud of the support we have provided over the past year.

Our success this past year is due to the hard work and dedication of our Management and Staff team. With the restrictions in place, many of them could not attend tonight, but please remember to express your appreciation when you see them.

The Board has approved to increase the Equity Allocation rates from the previous year due to our positive year-end results. Members will receive a return of 4.50% on Petroleum purchases, 9.00% on Oil, 2.25% on Food, Spirits, Pharmacy and Agro/Lumber purchases. 50% of this amount was paid out in cash on June 1st. Cheques were mailed out. Altogether, with Equity caps, Southland Co-op paid out \$1,875,232 million. Over the last 10 years, approx. \$14.0 million has been returned to the members in CASH. This is why we are proud to say "it pays to shop at Southland Co-op."

2019 was a good year overall for Southland Co-op.

- ◆ Total Retail Sales decreased to \$58.6 million. (a decrease from last year's \$60.7 million)
- ◆ Local Loss before FCL patronage was -\$635,000 compared to last year's -\$492,000
- ◆ The good news is that we received a patronage refund from FCL totaling \$3,100,000 bringing our Total Net Savings to \$2.45 million before Income Tax. (Ken will go into more detail on these numbers when he reviews the audited statement)

Some of the highlights of the past year included:

- ◆ Construction started and completed on the new cardlock in Coronach.
- ◆ Renovations to the Coronach Food Store commenced late in the year and finished in 2020
- ◆ Upgrade and renovations commenced at the Coronach Gas Bar and completed in 2020.
- ◆ Our Petroleum Dept. commenced bulk oil delivery for our members and neighboring Co-op's.
- ◆ Lastly, in 2020 a lot of time has been spent dealing with the COVID-19 Pandemic and all the related new policies.

Some of the Board's activities included:

- Attending fall conference in Regina, and FCL annual meeting in Saskatoon.
- Attending regional meetings, regular monthly meetings, and committee meetings, in person or remotely, as necessary.
- Inspection of all branch facilities and inventory cut-offs, which would normally occur, have been postponed for Safety reasons.

The Southland Co-op Board of Directors thanks you for the trust and confidence you have placed in us. We anticipate your continued loyalty in the days ahead, and look forward to serving you. Your business is vital, and as you come to Southland Co-op just remember, "You're at Home Here."

Thank you.

Respectfully submitted,

Jim Achtymichuk - Southland Co-op Director

News from the Board of Directors

Southland Co-operative Ltd. Statement of Net Savings and Statement of Retained Savings For the Year Ended January 31, 2020

	2020	%	2019	%
Sales (Note 13)	\$ 58,631,408	100.0	\$ 60,705,441	100.0
Cost of goods sold	48,668,420	83.0	50,572,847	83.3
Gross margin	9,962,988	17.0	10,132,594	16.7
Expenses				
Operating and administration	10,854,508	18.5	10,684,897	17.6
Net interest (Note 14)	(72,130)	(0.1)	(69,629)	(0.1)
	10,782,378	18.4	10,625,268	17.5
Loss from operations	(819,390)	(1.4)	(492,674)	(0.8)
FCL loyalty program (Note 4(d))	184,199	0.3	-	-
Local loss	(635,191)	(1.1)	(492,674)	(0.8)
Patronage refunds	3,091,867	5.3	3,706,354	6.1
Savings before income taxes	2,456,676	4.2	3,213,680	5.3
Income tax expense (Note 16)	130,847	0.2	275,230	0.5
Net savings	\$ 2,325,829	4.0	\$ 2,938,450	4.8
Retained savings, beginning of year	\$ -		\$ -	
Net savings	2,325,829		2,938,450	
Transfer to statutory reserve (Note 12)	(124,275)		(160,684)	
Transfer to general reserve (Note 12)	(577,958)		(588,798)	
Patronage allocation to members (Note 17)	(1,623,596)		(2,188,968)	
Retained savings, end of year (Note 12)	\$ -		\$ -	

The accompanying notes are an integral part of these financial statements



Southland Co-operative Ltd. Statistical Information For the Year Ended January 31, 2020

	Record of Sales and Net Savings			
	Year	Sales	Net Savings ⁽¹⁾	%
From Date of Incorporation, February 24, 1939 to January 31,	2011	\$ 548,089,592	\$ 27,810,156	5.1
	2012	40,868,719	2,382,007	5.8
	2013	44,864,237	2,361,021	5.3
	2014	48,693,737	3,013,191	6.2
	2015	59,588,704	4,725,519	7.9
	2016	55,910,686	2,697,971	4.8
	2017	53,553,070	2,209,488	4.1
	2018	57,679,304	2,522,332	4.4
	2019	60,705,441	2,938,450	4.8
	2020	58,631,408	2,325,829	4.0
		\$ 1,028,564,898	\$ 52,985,964	5.2

⁽¹⁾ 2010 and prior years - savings is before income taxes and patronage refund to members.

Membership	
Members purchasing during the year	6,748
Inactive members	1,463
Total members	8,211

Copies of the Financial Reports are available at each location, or contact MR@southlandco-op to request a printed copy or a digital PDF copy.

