



OTTER CO-OP 2022 | **ANNUAL  
REPORT**



# OUR CO-OP

## IT PAYS TO BE A MEMBER

Co-operatives have been playing an integral part in their communities since their inception - it's simply a different way of doing business!

A Co-op is not a store, an office, or a town.

A Co-op is its members. It is the team that works at our locations and the guests that shop there, all those who own an equal stake in the business and share the profits.

### WHAT IS A CO-OP?

Co-operatives, as opposed to corporations, are owned by their members who each have an equal stake in the business. Co-operatives are therefore responsible for representing the interests of their members who, in turn, can vote on big business decisions as well as the Co-op Board of Directors. Membership is ownership, and each member gets a vote.

### WHAT IS OTTER CO-OP?

Otter Co-op is the locally owned and operated Co-op founded in Aldergrove, BC. As we have grown, we have expanded with locations throughout the Fraser Valley and BC Interior. Our member/owners are the people who live in these communities and purchase a membership for the one-time fee of \$10. They vote on who they would

like our Board of Directors to be, share in the profits we make, and drive our decisions to invest in the communities we all call home.



### WHAT IS THE CO-OP RETAILING SYSTEM?

Otter Co-op is entirely local and, just as our member-owners make up Otter, so too is Otter part of a larger network of Co-operatives called the Co-operative Retailing System (CRS). Every individual Co-op in Western Canada owns Federated Co-operatives Limited which is a wholesale, manufacturing, marketing and administrative Co-operative. Together, we are able to expand our buying power and source, produce, and distribute a large variety of products to our locations. While we are part of a bigger system, we remain locally owned and operated, which means our business decisions are done in the interest of our members right here at home.

TOGETHER : WE ARE A PROFITABLE BUSINESS  
TOGETHER : WE GIVE BACK TO OUR COMMUNITY  
TOGETHER : WE ARE CO-OP

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# OUR MISSION



**TO BE THE CONSUMER'S FIRST CHOICE**

# OUR VALUES



**INTEGRITY**



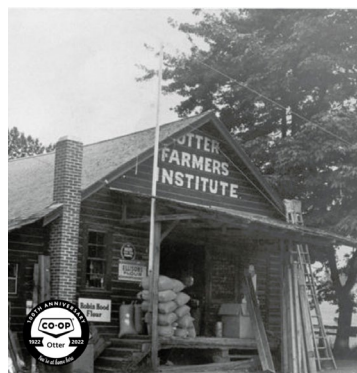
**COMMUNITY**



**EXCELLENCE**

# 100<sup>TH</sup> ANNIVERSARY CELEBRATIONS

You only turn 100 once, so we did it up right. Throughout the year, we shared historical photos on our social media channels with the hashtag #flashbackfriday in order to share with our followers' pieces of our history. We also partnered with Wagner Hills, a local organization, to create special edition 100th anniversary charcuterie boards, which were handcrafted by the residents of the rehab facility. 100% of the proceeds from these boards went directly back to Wagner Hills to



Otter Co-op  
March 4, 2022 · 🌐

It's our first #flashbackfriday on Otters history and we have a photo of the original store!

Did you know that the Otter District Farmers' Institute was incorporated in 1922 with twenty-five members? They came together to help improve farm conditions and for better buying power for its members.

Find out more about our celebration plans here <https://www.otterco-op.crs/.../otter-co-ops-100th...>

#ottercoop #otterturns100 #coopcommunity #lovelocal... See more

continue to support their mission in helping those in recovery.

Throughout the month of July, we held a contest where two guests had the opportunity to win Free Groceries for a Year and a \$5,000 Travel Voucher! From August to October, we held another contest that gave our guests the opportunity to win a 100 Second Shopping Spree. We had three winners, one for each of our food stores, and handled the fun challenge so well (you can watch their shopping sprees on our YouTube channel).

We couldn't celebrate a major milestone without throwing ourselves a birthday party, so on October 19, 2022, the day we turned 100, we had food trucks, a live band, coffee, cake, a petting zoo, kid's

games, and free Otter merch all at our Langley Retail Centre location on 248th. At our party, we unveiled a time capsule from the 80's and had some very special guests speak to our business values and success.

But that success wouldn't be possible without the community that continues to support us. That's why we also offered up to 100 local charities to apply for \$1,000 donations, joining the rest of our community impact for the year to provide over \$419,000 to local causes, sponsorships and organizations. With core values like integrity, community and excellence, celebrating our centennial by giving back to those in need within our local neighbourhoods just made sense.



*It is fantastic to be celebrating our 100th Anniversary, on the very property that Otter began on 100 years ago. From humble beginnings to the diverse company we are today, focused on our team, members, and communities in which we live, work and play. Our team and member/owners should be very proud of the fact that less than half a percentage of companies ever last to 100 years; and Otter not only lasted but survived and thrived. This is all due to the commitment to the Cooperative model and giving back to our communities, supporting those that support us. It is exciting to be entering the next 100 years with such a strong balance sheet and committed team to continue to be the consumer's first choice and making a difference in member's lives.*

**- Jack Nicholson, CEO**



# CEO'S REPORT

**JACK NICHOLSON, CEO**

2022 was a tremendous year for our organization, and despite continued uncertainties, our Co-operative continued to thrive. As we seek to achieve our mission of being the consumers' first choice, we continue to improve for the future by leveraging and reflecting on our past. Otter Co-op celebrated our 100th Anniversary this past year, and while we came from humble beginnings, we could not be prouder of the diverse and prosperous company we've grown into today. As a heritage brand that prides itself on being truly local and community-minded, our continued success is a testament to our hard-working team, our commitment to the Co-operative business model, and the support of the very communities we live, work, and play in. Very few businesses make it to the 100-year mark, and you can be very proud of this organization in which you are a member/owner.

I am pleased to report that despite the economic turmoil caused by the global pandemic, Otter Co-op ended this year with record sales of \$479.5 million. This is \$104 million above our previous year, largely in part to significant growth in our gas bar division with the acquisition of 14 corporate Husky sites and 10 fuel supply agreements with dealer operated sites. We also purchased an additional 2 liquor stores and another pub/restaurant operation. Thank you to the entire team at Otter for their hard work and

dedication during this past year of continued unknowns and ever-changing rules and regulations.

Your board and management worked on several additional acquisition and new location opportunities throughout the year, and we look forward to the future of Otter as we continue to build and expand our footprint and bring additional services to our member/owners in the communities in which we operate.

As a Co-operative, we prioritize working with like-minded organizations that share our values. We had the privilege of supporting over 125 fantastic initiatives across our communities, including local food banks, hospitals, hospice societies, schools, youth organizations, agricultural services and more. As part of our 100th anniversary, we offered up to 100 local charities to apply and share in \$1,000 grants up to an additional \$100,000 donation. All this amounted to over \$419,000 being invested through cash and in-kind products to make a difference in our communities. Beyond this, our team also often volunteers directly at key local events, and many of our locations are open to hosting fundraisers on-site. This is just one of the ways we prove we are a different kind of business, and how we ensure your dollars spent at Otter are re-invested into important causes our membership cares about.

In 2023, we look forward to the future. We're currently undergoing construction and renovations on a number of new projects, including our Cloverdale Food Store, our Merritt and Cache Creek Cardlocks and the continued enhancement of our acquired gas bars. We also continue to make progress on our Mission Food Store, and our upcoming Mission, Lake Country and Kamloops Gas Bars. We also continue to improve our carbon footprint, working to make our operations as paperless as possible and finding more sustainable ways to do business. I encourage you to review our new Sustainability report later in this document.

Your Co-op was able to maintain profitability, achieve a record year of sales and bottom line, and gain almost 9,000 new member/owners. I am very proud of the work achieved, and that your co-operative continues to have the ability to return our profits back to you and our communities in which we live, work and play. It continues to be rewarding to know that our loyal team including the Board of Directors, Management, Employee Team, and Members, remain the key to making Otter Co-op the growing, diverse, and viable business it is today. Our team is proud of the accomplishments achieved and look forward to serving you into the next 100 years.

I sincerely thank you for your support and continue to look forward to our opportunities and growth in the future.

  
Jack Nicholson, CEO



# BOARD OF DIRECTORS



**CHARLIE FOX**  
PRESIDENT



**SHANNON TODD BOOTH**  
VICE PRESIDENT



**DEANNA HORN**  
SECRETARY



**IAN ELLIOTT**  
DIRECTOR



**BRYAN MCPHERSON**  
DIRECTOR



**CARLO BONETTI**  
DIRECTOR



**BEV DORNAN**  
DIRECTOR



**GUS HARTL**  
DIRECTOR



**JON PLETT**  
DIRECTOR



# PRESIDENT'S REPORT

## CHARLIE FOX, BOARD PRESIDENT

On behalf of the Otter Co-op Board of Directors, it gives me great pleasure to report another amazing successful and profitable year for the Otter Co-op organization. In the recent past we have lived through a difficult time with the global pandemic. It is my observation that we are on the rebound and will continue to prosper under the leadership of the Board and amazing team in all the locations and services that Otter offers. Our senior leadership team is second to none in the Federated Co-operative family and they are to be commended for the excellent oversight and dedication they show to our member owned company.

Our mission is "To be the Consumers First Choice". We strive to be your first choice in all of the business lines we operate in, and continue to share back our profits to the communities we live, work and play in.

I would like to take this opportunity to acknowledge that myself, Shannon Todd-Booth and Carlo Bonetti have been re-elected to the Board of Directors of Otter Co-op for a three year term. We appreciate the support of the membership and look forward to the opportunity of serving you in the coming three year term.

The Otter Co-op sales this year were \$479,507,742 (pre expenses and tax dollars), which is 19.9% over the budgeted amount. This is due in part to the growth of the organization but also the fact that our members not only are back purchasing at Otter Co-op, they also trust our brand and competitiveness in the market. Our bottom line before an extraordinary gain (pre-tax) ended the year at \$13,178,524. As is usual in the co-operative system, part of our profits are shared with our members based on their spending and this year we will be returning \$6,283,000 to our members in cash and equity. The patronage a member receives is their personal return, and this directly relates to their yearly purchases throughout the Otter Co-op system. It is a highlight to note that this year we returned 6 cents per litre to our membership on the purchase of gasoline at the pumps which is a direct savings to you, the member. Patronage cheques will be in the mail in July, so watch for your share of the profits coming shortly.

One aspect of the Otter Co-op system and our 'shop local' approach, is the continued support of local organizations, groups and initiatives. This past year, 2022, Otter Co-op invested over \$419,000 in local organizations in our trading area extending through the lower mainland and B.C. Interior, including sponsorships, donations, scholarships and

more. Some 125 organizations directly benefitted in the distribution of these funds. With our expanding trading area now reaching in to the Interior and Okanagan regions of our province we recognize the importance of giving back in all the communities we do business in. These donations include items such as student scholarships, (\$14,000) monies raised on Fuel Good Day (\$20,400) and in kind donations to local farmers (in response to emergencies such as the floods of November/December 2022) and non-profit organizations, (\$135,000).

The Otter Co-op continues to grow and diversify in the product line offered when opportunity arises. Presently we employ over 820 individuals in our more than 65 locations offering food, pharmacy, fuel of all types, hardware feed, agri-supplies and liquor. Included in that 65 locations are 14 Husky gas stations we took ownership of throughout our trading area this past year, two additional liquor stores and a new pub (Sawbucks in White Rock). This is not inclusive of several projects which have been approved by the Board that are in varying stages of approval and development including food stores in Surrey and Mission, new card locks in Cache Creek and Merritt and gas stations in Lake Country and Kamloops. In the month of May this year, we also opened a new gas station, convenience store and carwash in Kelowna, and a new liquor store in Kamloops. Further, throughout our trading area we continue to convert our purchased Husky stations to the Co-op brand and offer members the opportunity to use their Co-op number and receive the benefits and rewards of membership.

This past year we welcomed 8,985 new members to the Otter Co-op family and we appreciate that this growth is important to not only each and every member but the organization as a whole.

On behalf of the Board I would like to thank each and every member for the support over the past year. We never lose sight of the fact that this is your organization and you benefit from our leadership and decisions and more importantly your personal purchases. We look forward to another successful year ahead and hope you make the Otter Co-op your 'go to' place to shop and do business.

Co-operatively,



**Charlie Fox, Board President**

# AUDITOR'S REPORT

To the Members of Otter Farm & Home Co-operative:

## Opinion

We have audited the financial statements of Otter Farm & Home Co-operative (the "Co-operative"), which comprise the balance sheet as at February 28, 2023, and the statements of net savings, 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 February 28, 2023, 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.

## 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.

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.

Abbotsford, British Columbia

April 19, 2023

MNP LLP

Chartered Professional Accountants



# FINANCIAL REPORTS

## Otter Farm & Home Co-operative Balance Sheet

As at February 28, 2023  
(\$ in thousands)

	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	7,417	3,424
Accounts receivable	13,426	12,365
Income taxes recoverable	2,091	831
Inventory	29,288	24,098
Prepaid expenses	802	824
	53,024	41,542
<b>Investments</b>	31,493	30,098
<b>Property, plant and equipment</b>	105,204	74,423
<b>Other assets</b>	126,086	91,547
	315,807	237,610
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	33,984	39,214
Customer prepaid accounts	346	97
Current portion of long-term debt	10,424	8,657
	44,754	47,968
<b>Long-term debt</b>	156,283	94,412
	201,037	142,380
<b>Commitments</b>		
<b>Subsequent events</b>		
<b>Members' Equity</b>		
Share capital	30,778	28,821
General reserve and retained savings	83,992	66,409
	114,770	95,230
	315,807	237,610

Approved on behalf of the Board of Directors

Director

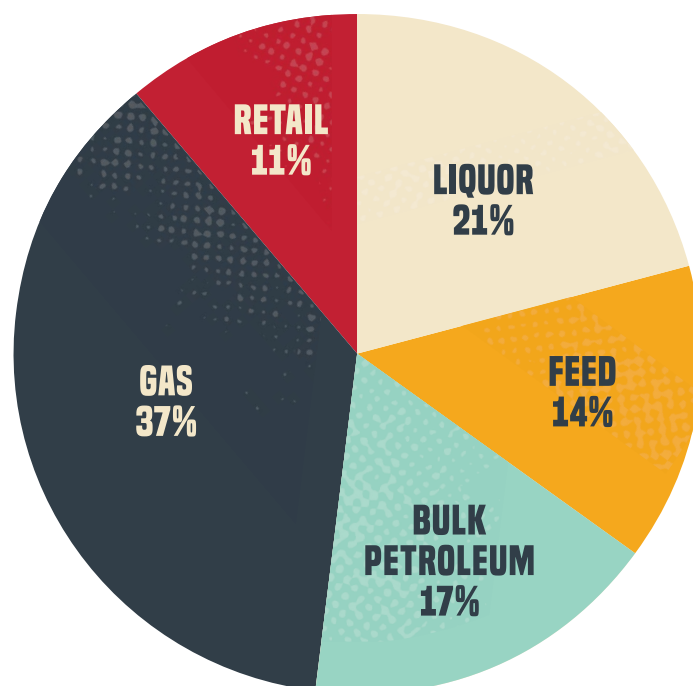
Director

## Otter Farm & Home Co-operative Statement of Net Savings

For the year ended February 28, 2023  
(\$ in thousands)

	2023	2022
<b>Sales</b>	479,508	375,079
<b>Cost of sales</b>	416,154	318,761
<b>Gross margin</b>	63,354	56,318
<b>Operating expenses</b>	57,462	46,948
<b>Savings from operations</b>	5,892	9,370
<b>Other items</b>		
Net interest	(5,074)	(2,512)
Patronage refunds	6,972	6,528
FCL loyalty payment	5,389	4,690
Gain on acquisition	11,567	-
	18,854	8,706
<b>Savings before income taxes</b>	24,746	18,076
<b>Income taxes</b>	862	1,074
<b>Net savings</b>	23,884	17,002

## SALES BREAKDOWN BY DIVISION



# 2022 AT A GLANCE

## HIGHLIGHTS



**\$479,000,000+**  
in sales



**\$6,200,000+**  
returned to members in  
Patronage



**\$315,000,000+**  
in assets



**\$419,000+**  
in donations, scholarships &  
sponsorships



**8,985**  
new members

# PATRONAGE

## OUR PROFITS ARE YOUR PROFITS

Allocations of your 2022 Otter Co-op membership purchases are as follows:

Clear Gas & Diesel	6¢/L
Food	3.0%
Liquor	3.0%
Hospitality	3.0%
Propane	3.0%
Dyed Gas & Diesel	2.5%
Oil & Grease	2.5%
Feed Mills	2.0%
Pharmacy (RX)	1.0%
Retail - General Merchandise	1.0%

**TOTAL PATRONAGE ALLOCATION FOR THE YEAR – OVER \$6.2 MILLION  
70% IN CASH AS PER HISTORICAL CASH RATES**

# GIVING BACK

## HIGHLIGHTS



**\$419,000+**

in sponsorships and donations to more than 125 local organizations and non-profits in the communities that we live, work and play in.



**\$20,407.<sup>98</sup>**

was donated to the Abbotsford Hospice Society, Canuck Place Children's Hospice, and Encompass Support Services Society from our Fuel Good Day Promotion.



**\$116,034.<sup>40</sup>**

worth of food products was donated through our Food Donation Program.



**\$ 10,976.<sup>00</sup>**

to the Canadian Red Cross through Angry Otter Liquor partnering with Aviation Gin to support BC Emergency Response Initiatives.



**\$21,570+**

was donated in cash and in-kind product to local food banks through food bank drives, till donations and Hunger Bag sales.



**\$30,000.<sup>00</sup>**

to support healthcare through the Langley Hospice, Langley Memorial Hospital Foundation and BC Children's Hospital.



**\$14,000.<sup>00</sup>**

in scholarships to Grade 12, 4H, and Mature students.

# SUSTAINABILITY REPORT



Estimated  
**31,000 LBS**  
of paper saved annually by  
reducing our paper flyers.



**165,000+**  
plastic bags saved from  
landfills annually by  
removing them from our  
stores, instead offering  
reusable and paper options.



**ETHANOL E85**  
Fuel offered at our 248th Gas  
Bar which reduces exhaust  
emissions when used.



**PARTNERSHIPS**  
with local causes,  
including agricultural and  
environmental groups like  
EcoFarm, the BC Potato  
and Vegetable Growers  
Association, 4H, the BC Farm  
Museum, and the Dr. Sun Yat-  
Sen Classical Chinese Garden.



Working to move our  
operations as  
**PAPERLESS**  
as possible.

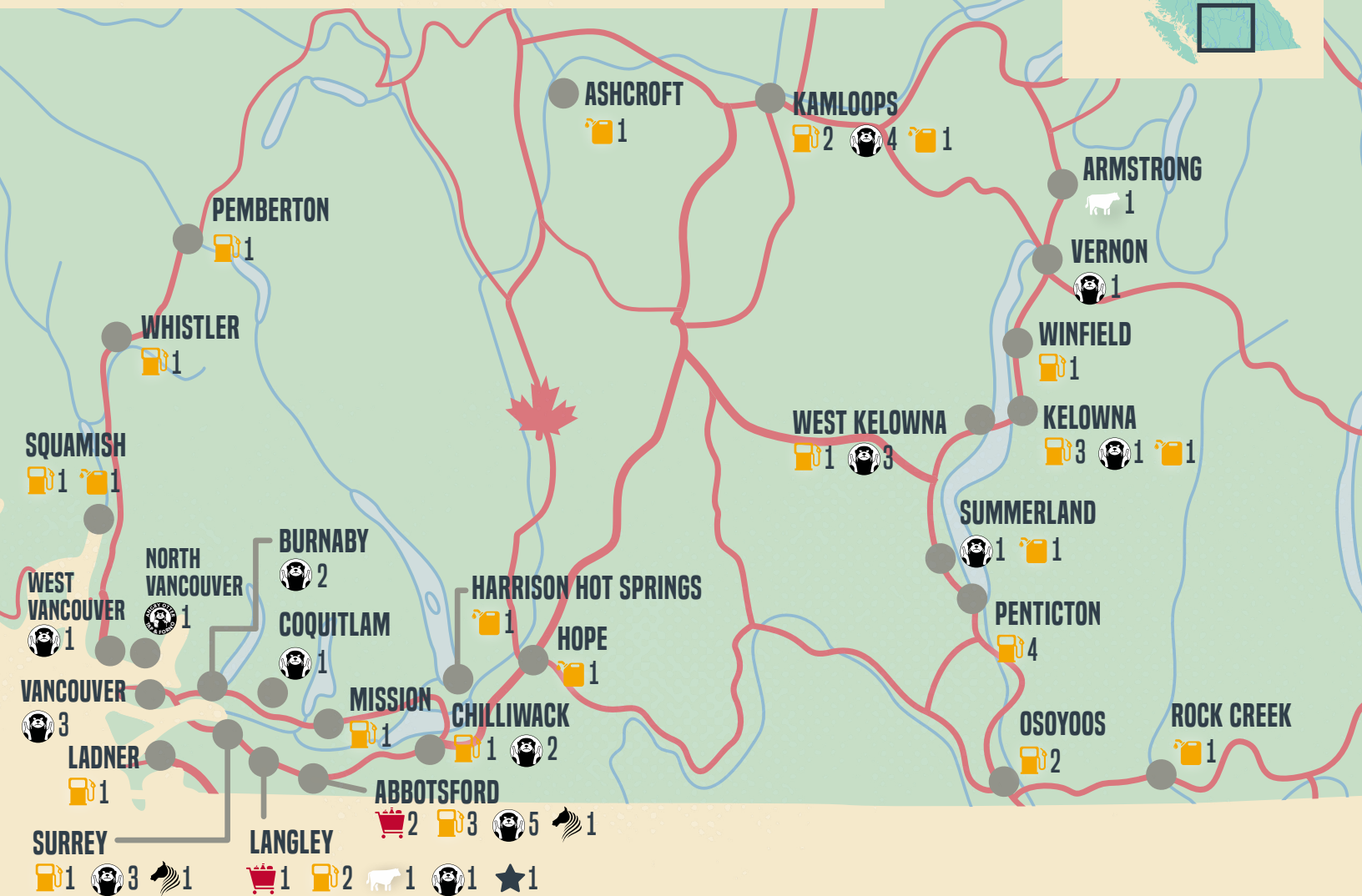
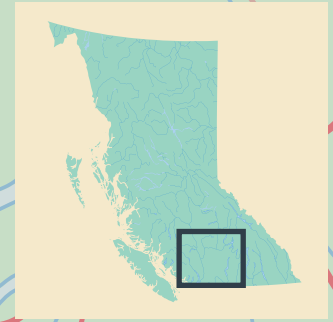


**\$116,034.<sup>40</sup>**  
worth of food waste saved  
from landfills through our  
Food Donation Program.



Through our  
**FEED RECYCLING**  
Program, we're recycling  
excess feed ingredients left  
over during the manufacturing  
process rather than wasting  
them.

# OUR LOCATIONS



## LEGEND

-  FOOD STORE & PHARMACY
-  GAS BAR
-  FEED MILL/STORE
-  ADMINISTRATION
-  FUEL RESELLER

-  ANGRY OTTER LIQUOR STORE
-  HIGHWAYMAN PUB
-  ANGRY OTTER TAP & FORNO

## COMING SOON

- CLOVERDALE & MISSION FOOD STORES
- CACHE CREEK & MERRITT CARDLOCKS
- MISSION, LAKE COUNTRY & KAMLOOPS GAS BARS