



NEWS BITS

Medicine Hat Co-op Member Newsletter March 2011

MEDICINE HAT CO-OP MEMBERS CONTINUED TO SAVE BIG AT THE GAS PUMPS!

THEY RECEIVED
7.00 CENTS A LITRE
IN SHARES AND CASHBACK

MEDICINE HAT CO-OP WILL BE SHARING OVER
\$8.4 MILLION

IN CASH BACK AND EQUITY WITH ITS OWNERS/MEMBERS! THIS REPRESENTS MONEY EARNED AND SPENT RIGHT HERE IN MEDICINE HAT, ACADIA VALLEY, OYEN AND AREA.

YOUR CO-OP CONTINUES TO GROW & EXPAND ITS SERVICES!

NEWEST GAS BAR IN THE CITY – 13TH AVE GAS BAR

After operating for 36 years in the same building, we decided to give the members a brand new facility with a new look. The old building was completely demolished and the new building was turned 90 degrees to accommodate more pumps and add more space for vehicles to move around. We doubled the pumps from 8 to 16, added more storage and enlarged the sales floor of the C-Store. The C-store now offers a full line of pop, Van Houtte coffee, slush machine, cappuccino machine (hot and cold), milkshake machine, sandwich case and a full line of candy and confectionery.



NEW TO THE CO-OP FAMILY – DUNMORE LIQUOR STORE

In September of 2010 Medicine Hat Co-op added a new liquor store in Dunmore next to our gas bar. This liquor store carries a full variety of wine, spirits and beer. Check us out!



MEDICINE HAT CO-OP we care

Co-ops care about energy awareness and environmental sustainability. For more than 25 years, we've taken action to reduce the energy consumption at our retail co-op facilities.

WHY DO WE CARE?

It makes good business sense. Energy efficiency efforts at our Co-op continue to save dollars in operating costs every year. We're committed to environmental stewardship.

MEDICINE HAT CO-OP – "WE CARE"

- Advanced T8 electronic lighting is used to provide energy efficiency and excellent quality of light.
- The refrigeration system uses state of the art technology to optimize energy performance while maintaining correct temperatures for product quality and food safety.
- Energy is recovered from the refrigeration system to heat the warehouse area.
- Automatic controls are used to reduce the operating time of anti-sweat heaters in glass door freezers by more than 50%, saving the equivalent amount of electricity used by more than 5 households.
- Our refrigeration and air conditioning equipment use non cfc refrigerants to benefit the ozone layer.
- An automated leak detection system is used to provide an alarm in the event of a refrigerant leak.
- Ventilation equipment is shut off during unoccupied times to minimize heating and cooling costs.
- New energy efficient roof top units were installed at 13th ave Co-op Mall which will provide a 20% savings in overall energy costs in comparison to the old conventional furnace and boiler type heating systems.
- Exterior lighting is controlled automatically to minimize energy usage, yet ensure adequate lighting at night for safety and security.
- Recycling efforts include collection and recycling of check stand bags for customers, and materials generated on site such as shrink wrap, corrugated cardboard and paper.
- Re-usable shopping bags are promoted in our store to reduce the amount of plastic bags.

CO-OP WINS TWO AWARDS AT THE CHAMBER OF COMMERCE SMALL BUSINESS AWARDS

In October, 2010, Medicine Hat Co-op was awarded 2 Chamber Business awards in the categories of Core Association Employer of People with Disabilities and Community Involvement award. In March, 2011 at the Alberta Business awards of Distinction, Medicine Hat Co-op was a finalist in the category for Employer of Persons with Disabilities.



54th Annual Meeting of Medicine Hat Co-op

Tuesday, March 22, 2011 • 7:30 PM • Terrace Room Chinook Village

- Review of Financial Statement
- Election of Directors
- Reports
- Question period
- Coffee & Pastry will be served
- Door prizes

ALL CO-OP MEMBERS ARE WELCOME!

DIVIDEND RATES FOR 2010



EVEN THROUGH CHALLENGING ECONOMY TIMES, MEDICINE HAT CO-OP CONTINUES TO REMAIN FINANCIALLY STRONG AND SHARES PROFITS WITH ITS MEMBERS. ONCE AGAIN THE CO-OP DECLARES A **7.0 CENTS A LITRE DIVIDEND FOR PUMP GAS**

The Board of Directors are pleased to announce the following profit sharing rates to shareholders for 2010:

Dyed Diesel	10.0%	Food	4.0%
Dyed Gas	10.0%	Pump Gas	8.2% (7.0 cents/Lt)
Clear Fuel	8.2%	Confectionery	4.0%
Oil & Grease	13.0%	Prescriptions	10.0%
Hardware	5.0%	Agri	5.0%
Liquor	4.0%		

Please note of a small change in profit sharing this year from previous years (the equity cap increased by \$50):

- if you have less than \$1300 in equity (ownership), you will receive 35% in cash and 65% will be applied to your equity balance
- if you have \$1300 in equity (ownership), you will receive 100% of your profit share in cash
- once a member reaches the age of 65, the equity balance is paid down to \$200, upon application.

Dividend Days start March 23, 2011

THERE IS NO DOUBT ABOUT IT, CO-OP MEMBERSHIP HAS ITS BENEFITS

WHAT ARE THE BENEFITS OF BEING A SHAREHOLDER OF MEDICINE HAT CO-OP?

You are part owner of a local company and secondly the Co-op shares its profits with you as owner/member.

The percentage of cash refund depends on how much equity (ownership) you have accumulated (to a maximum requirement of \$1300 as per policy). When your equity balance is between \$5 and \$1300, you get 35% of your allocation in cash and 65% accumulates in equity. Once your equity balance reaches \$1300, your allocation is 100% cash.

EXAMPLE ONE:

THE FOLLOWING EXAMPLE OUTLINES THE BENEFIT FOR A FAMILY OF FOUR THAT SPENDS \$500 A MONTH ON FOOD, \$200 A MONTH ON GAS AND \$100 A MONTH ON PRESCRIPTIONS AND IS A NEW SHAREHOLDER:

Opening balance- 5 x \$1 shares	\$5.00
Food purchases \$6000 @ 4.0% allocation*	\$240.00
Gas pumps purchases \$2400 @ 8.2% allocation*	\$196.80
Prescription purchases \$1200 @ 10.0% allocation*	\$120.00
Sub-total	\$561.80^
Cash back based on program (35% of \$556.80)	\$194.88
Equity balance end of year	\$366.92

Therefore after the first year the shareholder received \$194.88 in cash and has \$366.92 in equity at Medicine Hat Co-op. **The shareholder can spend the \$194.88 however he/she wishes.**

* 2010 allocation rates ^ withholding tax not deducted

EXAMPLE TWO:

THE ABOVE SHAREHOLDER HAS ACCUMULATED \$1250 IN SHARES BUT NEEDS TO INCREASE IT BY ANOTHER \$50 THIS YEAR AND PURCHASES THE SAME AMOUNT AS THE ABOVE EXAMPLE, THE SHARES AND CASHBACK IS CALCULATED AS FOLLOWS:

Opening share balance	\$1250.00
Food purchases \$6000 @ 4.0% allocation*	\$240.00
Gas pumps purchases \$2400 @ 8.2% allocation*	\$196.80
Prescription purchases \$1200 @ 10.0% allocation*	\$120.00
Sub-total	\$1806.80^
Cash back based on program (100% of \$556.80)	\$556.80
Increase equity cap	\$50.00
Equity balance end of year	\$1300.00

The shareholder received \$556.80 in cash and has \$1300.00 in equity (shares) at Medicine Hat Co-op. The shareholder can spend the \$556.80 however he/she wishes.

PLEASE NOTE SHARE CAP INCREASED BY \$50 DURING 2010

* 2010 allocation rates ^ withholding tax not deducted

The amount of cash a shareholder receives back depends on how much a member supports their Co-op. The more you support your Co-op the more you get back. ARE YOU GETTING YOUR SHAREOF THE PROFITS? "IT PAYS TO SHOP MEDICINE HAT CO-OP" REMEMBER YOU ONLY PURCHASE A \$5.00 SHARE ONCE AND ENJOY THE BENEFITS YEAR AFTER YEAR! THERE ARE NO ANNUAL DUES OR MEMBERSHIP FEES!

Frequently Asked Questions • Members/Equity/Cashback

When does my membership become effective?

Within 7 days your membership number would be activated at all Medicine Hat Co-op locations.

Do I have to show my member card each time?

No, you don't need to present your card. The cashier will ask you for your membership number. You will be given a receipt which includes your membership number as verification of your purchase.

What if I forget my number or my receipt has the wrong membership number on it?

No problem. Each location has access to member numbers and can look it up for you. You can contact our Admin Department at (403) 528-6600 or toll free at 1-877-528-6688 to have your purchase record corrected if the wrong number was entered.

When will I get my first rebate and what period does it cover?

You will receive your first rebate in March of the year following the fiscal year in which you joined. The Co-op's fiscal year runs from November through October. Your rebate will be based on purchases you made during the previous fiscal year. For example, if you joined in February 2009, you would receive your first rebate in March 2010, based on your purchases between the day you joined and the end of October 2009.

If you joined in November 2010, you would receive your first rebate in March 2012, based on your purchases from the day you joined until the end of the fiscal year, October 2011.

Who can use my membership number?

You and your immediate family can use your membership number.

How will I receive my rebate?

You can pick up your cheque at the Co-op Mall until the end of April and if not picked up at that time it will be mailed to you so it is very important that we have your current address.

Why is the rebate percentage different for various commodities?

Each year the Board of Directors review the financial position of the Co-op and decide how much the percentage should be keeping in mind the finance operations and ensure ongoing success.

Why did the equity cap increase by \$50 this year?

To maintain financial strength now and into the future and to provide members with modern, well equipped facilities requires some internal financing or "owners-capital". For Co-op's this is done through member equity. 2009 was the first increase in the equity cap in over 15 years for Medicine Hat Co-op.

Can a business or community organization become a Medicine Hat Co-op member?

Yes. Many community organizations become Co-op members and encourage those involved to make purchases on behalf of the organization. This has proven a very effective and easy way to raise money for the community organization.

Why don't I receive all off my rebate?

Your rebate is in the form of membership shares. The Co-op Board of Directors review the financial position of the Co-op each year and decide how much of these membership shares can be paid out to members and how much will need to be retained to finance operations and ensure an on going success. Our policy is as follows:

Please note of a small change in profit sharing this year from previous years (the equity cap increased by \$50):

- if you have less than \$1300 in equity (ownership), you will receive 35% in cash and 65% will be applied to your equity balance
- if you have \$1300 in equity (ownership), you will receive 100% of your profit share in cash
- once a member reaches the age of 65, the equity balance is paid down to \$200, upon application.

Why am I receiving a T4A?

Your allocation (equity) that was paid last year was more than \$ 100. There is no tax deducted for amounts up to \$100, however, Canada Revenue Agency requires that we withhold 15% on any amount OVER \$100, and remit that tax to them, which will be applied as a tax credit for you (similar to the way an employer deducts income tax from your pay and remits it Canada Revenue Agency).

I don't remember getting a cheque for the amount on my T4A?

The T4A is for the full amount of the equity that was allocated to you 35% of that amount (plus GST) is issued to you by cheque; the remaining 65% is added to the equity on your account.

I didn't receive that cheque, can you re-issue it?

If the cheque was not cashed, the amount would be added back to your equity balance. We cannot re-issue that cheque, but the amount will become part of the calculation to determine your next dividend cheque.

Is my membership rebate taxable?

- If your purchases from Medicine Hat Co-op were for CONSUMER GOODS ONLY (personal use rather than business) the allocation is NOT TAXABLE, so the Patronage allocation amount (shown in box 30) does not need to be included as income. (Suggestion: write "Consumer Goods Only" on the copy of the T4A you include with your tax return, so that Canada Revenue Agency does not include the allocation as part of your income).
- If you are claiming some of your purchases from the Medicine Hat Co-op as EXPENSES on your tax return, then you must include a portion of the allocation as income.

NOTE: regardless of whether you fall into category 1 or 2 above, the income tax deducted (amount shown in box 22) is a TAX CREDIT and should be included as part of your "TOTAL TAX DEDUCTED PER INFORMATION SLIPS".

I have a question about my membership or I need to change my address.

How can I get help?

You can call our Admin Department at (403) 528-6600, or toll free at 1-877-528-6688. You can also drop us an e-mail at admin@medicinehatcoop.ca and we will be happy to answer any questions you may have.

DIVIDEND DAYS START WEDNESDAY, March 23. CHEQUES WILL BE HANDED OUT AT 13TH AVE CO-OP MALL ON WEDNESDAY, THURSDAY AND FRIDAY AND AT THE NORTHLANDS FOOD CENTRE ON SATURDAY AND SUNDAY.

PINFEATHERS WILL BE PLAYING AT THE CO-OP MALL BISTRO ON FRIDAY, MARCH 25 FROM 2 TO 4.