

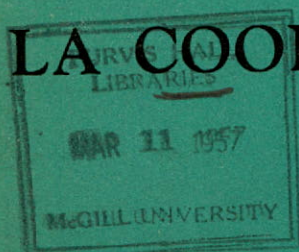
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CFOQ

1956

*Annual
Report*

LA COOPÉRATIVE FÉDÉRÉE DE QUÉBEC



1956

board of directors

ADÉLARD BELLEMARE, President *

OMER DESLAURIERS, Vice-President *

ROLAND BELCOURT
J.-EUGÈNE BELZILE
LÉONCE BELZILE
ALEXIS CHAMBERLAND
SIMON FORTIN
ALBERT GINGRAS
J.-ALBERT GRONDIN
JOSEPH LALIBERTÉ

J.-Bte-CHARLES LABERGE **
GÉDÉON LAROCHE
LOUIS LAROCHELLE
P.-E. MALTAIS
DAMIEN MARTIN
JOSEPH MASSON
HENRI MIREAULT
ARMAND OSTIGUY

GENERAL MANAGER

HENRI-C. BOIS

SECRETARY

ROMÉO MARTIN

TREASURER

RAYNALD FERRON

executive committee

HENRI-C. BOIS, President

ADÉLARD BELLEMARE

JOSEPH LALIBERTÉ

OMER DESLAURIERS

ALBERT GINGRAS

SECRETARY

ROMÉO MARTIN

* Appointed March 23rd 1956.

** Elected March 23rd 1956 in replacement of the late J. A. Pinsonneault

Only farmers, directors of member co-operatives, are eligible to act as directors.

Gentlemen,

IN SUBMITTING TO YOU the 35th Annual Report of the Coopérative Fédérée de Québec, I cannot refrain from recalling the memory of my predecessor, the late J. A. Pinsonneault, a progressive farmer and a prominent co-operator, whose merits have been recognized by our Movement when he was conferred posthumously the Order of Co-operative Merit at the fourth degree.

Our last financial year has been good, having closed with a total turnover of more than \$81,000,000 and with substantial savings.

The increase in our turnover cannot be attributed to higher prices; it derives rather from closer co-operation between our member-co-operatives and their Central and from their greater efficiency.

Pursuing an already established policy, to which your approval has given intensified vigour and which corresponds to the efforts of Co-operators to facilitate the marketing of their products, your Central has purchased the Abattoir Coopératif Avicole des Bois-Francis at Victoriaville, and has started, in Montreal, the erection of a meat processing and storage plant.

The campaign for the destruction of weeds, launched last Spring with the collaboration of the Provincial Government, of Agricultural Schools and of our Co-operatives, has enabled the Fédérée to increase its help towards scientific farming practices. This is another manifestation of our desire to have the most efficient methods adopted by our farmers.

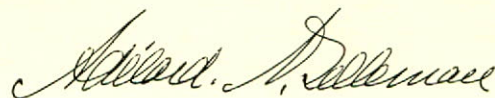
However, efficiency in production is not the only element of success in Agriculture. Farmers must also count on efficiency in marketing their products. In this respect, experience has shown that Co-operatives remain indispensable tools.

This is well recognized in the 1956 Act creating the Provincial Marketing Board.

I wish to thank sincerely, on behalf of my colleagues of the Board of Directors, and personally, the directors, members and employees of our member-Co-operatives, our officers and employees, for their precious help. To the employees, most specially, I wish to say that their security has not escaped our attention.

Before closing, it is with pleasure that, in the name of all agricultural Co-operators, I offer to the Honourable Henri-C. Bois, who has recently been appointed to the Canadian Senate, our most sincere congratulations and best wishes.

May God bless our discussions and favor us with His help !



President of the Board of Directors.

Gentlemen,

In the Province of Quebec, last year, agricultural prices in general have not changed much. Some of them, after having been firm and sometimes higher, came down; others, weak and variable at first, reached higher levels. On the other hand, with the exception of livestock feeds, the cost on the farm of merchandise, services and labour has been steady or higher. The revenues of the farmer have not improved. Happily, better days appear to be in the offing!

The farmer is still seeking a more equitable balance, of which price level is not the only element.

However, it is heartening to note that despite these shadows, the Coopérative Fédérée has registered a good financial year. All its services show improvement. This appears clearly in the increase of our turnover and in the amount of our savings. I feel that in 1956, we have bettered our situation and, therefore, that of agriculture in the Province by increasing our share in the marketing of farm products; but still, we must intensify our efforts. Farmers are the first ones to benefit from their active participation in the various phases of the marketing of their products. It is the most efficient means at their disposal to reduce the spread between the prices paid by consumers and those received by producers.

They must, therefore, be very particular to produce what the market requires, what the consumer desires, inasmuch as their farms, the cycle of production, and available labour will allow. They must also tend to adjust the volume

of their products to marketing possibilities, either on the domestic or the foreign markets, not forgetting that the absorption capacity of the latter has decreased considerably during the last five years.

This improvement of the agricultural economy brings about many problems which involve the responsibility and call for the participation not only of Co-operatives, but also of each co-operator on his farm.

The evolution and the changes have been rapid and numerous. Today, the farmer needs more information and better knowledge. We consider it not only a necessity but also an important duty — witness, our series of lectures on chemical weed control and on rational livestock feeding — to further the work of our fieldmen and of all those whose mission it is to extend the knowledge of the farmers. We will pursue this objective in close collaboration with the Provincial and Federal Governments and Agricultural Schools. There is no time to be lost. Present times are compelling. The local Co-operative, by substituting collective to individual action, offers excellent reasons to believe that we will reach our end.

Conscious, too, of our role in the stabilization of agricultural prices, we will continue to improve our services. In particular, we will complete the consolidation and integration of our slaughterhouses. We are building, at the Eastern Livestock Yards in Montreal, an extensive plant for processing and storing meats. These additional facilities will increase our con-

tribution to the progress and stability of an important section of the Quebec agricultural economy.

Favored by new improvements in our services and stimulated by more promising agricultural conditions, members of agricultural Co-operatives, and farmers in general, will enjoy in 1957 a better year than in 1956.

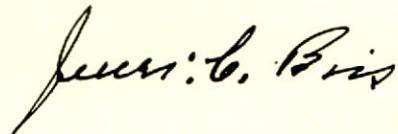
By continuing their confidence in their local Co-operatives and in their Central, co-operators will act as true realists. And also, by increasing the volume of their business, as they have done in 1956, they will contribute to enlarge the efficiency of their Co-operatives.

The local Co-operatives and their Central — the Coopérative Fédérée — have grown constantly, even through unfavourable years. They are more active and progressive than ever and we hope that, within the next five or ten years — provided no great crisis or war happens — they will have provided the agricultural

economy of Quebec with a solid structure, possessing the necessary finance, well-equipped establishments, and complete facilities for marketing efficiently farm products. Co-operative action will not cease to be profitable to all farmers.

I thank our directors, my colleagues on the Executive Council, our members and our employees for their collaboration, their loyalty and their devotion to their work. They have greatly eased my task.

I wish to take this occasion to thank all those who have expressed their friendly congratulations on my recent nomination to the Canadian Senate. I consider that above all, it is the efforts and the realizations of co-operators and farmers of the Province of Quebec that have won recognition through this honour. At least, I can assure the co-operators, in all fields of activity, as well as all Quebec farmers of my entire devotion.



Chairman of the Executive Council
and General Manager.

COOPÉRATIVE FÉ

FINANCIAL POSITION A

— ASSETS —

Current assets

Cash on hand	\$ 32,976	
Prepayment on consignments	77,475	
Prepayment on goods in transit	754,967	
Accounts and notes receivable	4,138,325	
(after deduction of doubtful accounts \$78,258)		
Merchandise and products	4,052,742	
Operating supplies	246,452	
	<hr/>	
		\$ 9,302,937

Investments

Shares and notes at cost		
Legrade Inc.		
Interprovincial Co-operatives Ltd.		
National Cooperatives Inc.		
United Co-operatives of Ontario, etc.	1,661,345	
Mortgage loans and deposits	89,690	
	<hr/>	
		1,751,035

Fixed assets

Land, buildings, machinery, equipment, rolling stock, etc.; initial cost	4,327,848	
Less : Amortization allocated to operations of 1956 and previous years	2,032,623	
	<hr/>	
		2,295,225

Deferred expenses

Insurance, maintenance materials, taxes, stationery, etc. ; cost allocable to future operations	118,448	
Discount on bonds payable ; balance allocable to future operations	39,655	158,103
	<hr/>	<hr/>
		\$13,507,300

D É R É E D E Q U É B E C

5 AT OCTOBER 31st 1956

LIABILITIES

Current liabilities

Bank credits on merchandise and other assets	\$ 3,483,000	
Other bank credits	640,745	
Accounts payable	1,188,252	
Bills payable	190,835	
Accrued interest	81,195	
Miscellaneous deposits	74,518	
Other current liabilities	8,581	
	<hr/>	\$ 5,667,126

Long term debt

Bonds, 3½% to 4½%, maturing from 1957 to 1966	1,729,800	
Patronage refunds, 3% to 4%, maturing from 1957 to 1966	1,364,787	
Notes, 3½% to 4½%, maturing from 1957 to 1966	1,047,586	
Mortgage loan, 4%, maturing from 1957 to 1967	119,650	
	<hr/>	4,261,823
		\$ 9,928,949

CAPITAL AND SURPLUS

Capital stock

Paid up		
Common shares — (\$10.)	\$ 25,130	
Common shares — Class B (\$25. par)	501,288	
Common shares — Affiliation (\$25. par)	523,443	
	<hr/>	1,049,861

Surplus

Reserves	1,793,315	
Net earnings — year 1955-1956	735,175	
(before patronage refunds and Income Tax)	<hr/>	2,528,490
		3,578,351
		<hr/>
		\$13,507,300
		<hr/> <hr/>

SURPLUS AS AT OCTOBER 31st 1956

Balance as at November 1st 1955		\$ 2,291,545
Deduct :		
Income tax for year 1955	\$ 73,544	
Patronage refunds on operations of 1955	<u>492,453</u>	
		<u>565,997</u>
		1,725,548
Add :		
Profit on disposal of fixed assets	2,526	
Overestimation of the reserve made in 1955 for Provincial Sales Tax	6,103	
Standing Surplus of the egg & poultry plant (Victoriaville) purchased as a going concern in 1956	<u>59,138</u>	
		<u>67,767</u>
		1,793,315
NET EARNINGS for year 1955-1956 (before patronage refunds and Income Tax)		<u>735,175</u>
		<u>\$ 2,528,490</u>



AUDITOR'S REPORT

To the President and
Shareholders of
La Coopérative Fédérée de Québec.

We have examined the consolidated Balance Sheet of La Coopérative Fédérée de Québec and two of its wholly owned subsidiaries (Dominion Elevator Limited and Canadian Livestock Co-operative of Quebec Limited) as at October 31st 1956, and the Statement of Earnings and Surplus for the year ended on that date.

La Coopérative Fédérée de Québec also holds the whole of the capital stock of Legrade Inc. This capital stock is shown at cost under the heading of Investments.

We have obtained all the required information and explanations.

We have not made a detailed audit of all the transactions but we have verified, by means of such tests as we considered necessary in the circumstances, the accounting procedure and records.

In our opinion, the attached consolidated Balance Sheet of La Coopérative Fédérée de Québec, as at October 31st 1956, is drawn up so as to exhibit a true and correct view of the state of the affairs of the Society, according to the explanations and information submitted and as shown by the books of La Coopérative Fédérée de Québec on that date.

PELLETIER, GRAVEL, DESLIERRES,
Chartered Accountants.

Montreal, January 15th, 1957.

CAPITAL, SURPLUS, NET EARNINGS AND PATRONAGE REFUNDS FOR THE LAST 20 YEARS

Financial Year	Capital	Surplus	Capital and Surplus	Net earnings before Patronage refunds and Income Tax	Patronage refunds to affiliated co-ops
1937	\$ 255,132	\$ 204,157	\$ 459,289	\$111,478	\$ 26,894
1938	254,583	255,244	509,827	89,540	33,608
1939	256,970	339,503	596,473	129,806	48,010
1940	229,239	395,622	624,861	115,787	60,403
1941	229,946	447,169	677,115	121,416	78,913
1942	238,883	474,531	713,414	115,293	97,841
1943	255,906	748,759	1,004,665	373,437	272,121
1944	279,499	801,641	1,081,140	369,766	282,342
1945	183,860	889,376	1,073,236	348,667	287,309
1946	202,409	876,549	1,078,952	271,198	205,830
1947	223,927	1,196,715	1,420,642	495,030	393,743
1948	248,053	832,296	1,080,349	88,227	46,761
1949	258,962	1,101,936	1,360,898	242,008	204,306
1950	276,863	1,319,961	1,596,824	230,612	180,687
1951	307,815	1,667,341	1,975,156	468,538	382,171
1952	437,940	1,726,254	2,164,194	481,808	393,808
*1953	570,227	1,731,944	2,302,171	322,484	246,342
1954	646,888	2,120,380	2,767,268	496,978	398,131
1955	888,661	2,291,545	3,180,206	**713,265	492,453
1956	1,049,861	2,528,490	3,578,351	**813,486	***

* Ten months of operation.

** Including Legrade Inc.

*** Patronage refunds will be determined at the occasion of the Annual Meeting.

OUR SALES FOR THE LAST 20 YEARS

Year	<u>Farm Supplies</u>		<u>Livestock and Meats</u>		<u>Dairy Products and other Farm Products</u>		<u>TOTAL SALES</u>
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>	
1937	4,700,000	41%	2,800,000	24%	4,000,000	35%	11,500,000
1938	4,200,000	36%	2,500,000	21%	5,000,000	43%	11,700,000
1939	4,000,000	34%	3,200,000	27%	4,700,000	39%	11,900,000
1940	4,800,000	34%	4,000,000	28%	5,200,000	38%	14,000,000
1941	5,100,000	29%	4,700,000	26%	7,900,000	45%	17,700,000
1942	5,700,000	27%	4,900,000	22%	11,300,000	51%	21,900,000
1943	10,100,000	33%	6,300,000	21%	14,000,000	46%	30,400,000
1944	12,500,000	32%	9,300,000	24%	16,700,000	44%	38,500,000
1945	12,400,000	31%	8,400,000	22%	18,300,000	47%	39,100,000
1946	12,100,000	33%	9,300,000	25%	15,600,000	42%	37,000,000
1947	12,900,000	31%	11,400,000	27%	17,500,000	42%	41,800,000
1948	14,000,000	30%	15,100,000	32%	18,300,000	38%	47,400,000
1949	16,000,000	31%	15,200,000	29%	20,600,000	40%	51,800,000
1950	17,500,000	33%	19,000,000	36%	16,800,000	31%	53,300,000
1951	19,600,000	32%	22,500,000	37%	18,300,000	31%	60,400,000
1952	19,100,000	33%	18,800,000	33%	19,500,000	34%	57,400,000
* 1953	15,900,000	34%	12,500,000	28%	17,700,000	38%	46,100,000
1954	21,100,000	35%	15,400,000	26%	23,600,000	39%	60,100,000
** 1955	24,200,000	32%	26,200,000	36%	23,800,000	32%	74,200,000
** 1956	28,000,000	35%	26,900,000	33%	26,300,000	32%	81,200,000

* Ten months of operation only.

** Including Legrade Inc.

CO-OPERATION ? MORE NECESSARY THAN EVER ! . . .

Poverty and, still more, misery make man more conscious of his essential needs and give more intensity to the necessity of union and mutual aid. It is then imperious to offer him a formula that will fulfil adequately his needs and aspirations. Such a formula, Co-operation, has been created by the Rochdale Pioneers and, for more than a hundred years, their followers have extended it throughout the world with surprising dynamism and success.

It was therefore quite normal for people of small means in every country to unite in order to solve their economic and social problems. Inspired by time-worn principles, Co-operators have been able to establish a number of enterprises to satisfy their numerous needs and they have set up a Co-operative Movement still growing with the years.

In Quebec, agricultural Co-operation has witnessed a particularly dynamic development and, in the whole, our Co-operatives are in a strong financial position and their efficiency is as strong as can be found in other fields of activity. This we can be proud of.

However, it is to be deplored that a number of people who had united at a period when difficulties arose from everywhere, forsake Co-operation once prosperity has arrived; and also that so many people, trying to improve their situation, ignore Co-operation. Unfortunately, some people are to be found who are not convinced of the social benefits that can be derived from Co-operation. Some erroneously believe that the development of the Co-operative Movement will eventually lead to monopoly.

This result of a distorted conception of Co-operative ideals goes to prove that a number of people do not realize the significance of Co-operation on the social and economic plan and of its value towards human improvement.

At a time when enterprises, helped by modern and revolutionary techniques, tend to concentrate to the point of becoming gigantic and therefore escape individual and collective controls, Co-operation appears more necessary than ever. Co-operation is a barrier against encroachment on human personality and this is the only solution to humanize modern automatism.

Under a democratic system, Co-operation, which is democratic in its very essence, will continue to expand because, through it, Co-operators are able to aim not only at their own interests, but at the welfare of every human being. Therefore, let us co-operate under all circumstances, everywhere and always. A monopoly made of justice and charity will never present any danger whatsoever for peace.

