



Saskatoon



2024-2025

ANNUAL REPORT

Building Strong Foundations



Vision

Our Communities' Trusted 1st Choice.

Mission

We provide excellent products and services to our communities with a knowledgeable and engaged team within a sustainable co-operative model.

Values

Integrity

We are an honest and ethical organization.

Excellence

We do our best in everything we do.

Community

We strengthen and care for people and our environments.

Land Acknowledgement

We respectfully acknowledge that our co-operative operates on Treaty 6 territory. These lands are the traditional homeland of the Cree, Saulteaux, Dene, Dakota, Lakota, Nakota, and Métis nations.

With humility and gratitude, we recognize the rich cultural heritage and the enduring presence of Indigenous peoples. We are committed to listening, learning, and building relationships based on mutual respect, understanding, and reconciliation as we work together to create a shared future.

Contents

- 02** President's Message
- 03** CEO's Message
- 04** Year in Review
- 07** Financial Performance
- 08** Engaging Our People
- 09** Operational Excellence
- 10** Market Growth
- 12** Investing in Community
- 14** Financial Statements 2024



President's Message



Graham Addley
President, Board of Directors

As we continue to build for the future, I am pleased to report on another year of significant achievement at Saskatoon Co-op.

Our annual report theme is "Building Strong Foundations," and it refers not only to our growing physical footprint in new communities like Vonda but also to our substantial upgrades and enhancements in existing communities over the past year. Our co-operative's future growth will be reinforced by the core principles that continue to guide us.

Our first value is **Integrity**, and Saskatoon Co-op continues to pursue a culture of diversity, equity and inclusion. Our executive leadership team raised awareness with team members, leading the commitment to make everyone feel comfortable in bringing their authentic selves to work. We recognize that our diversity is a source of strength, and one that reflects the rich fabric of the communities we serve.

Our second value is **Excellence**, and Saskatoon Co-op had an amazing year in growth. The Board of Directors has been engaged in our co-operative's governance. In the fall, we conducted a comprehensive strategic planning session to define our path forward and ensure that Saskatoon Co-op remains a strong and sustainable co-operative for future generations.

Our third value is **Community**, and our commitment to investing in the communities we're privileged to serve. Saskatoon Co-op once again earned Imagine Canada's PRISM Network designation, surpassing the requirement of donating 1% of

its net profits to the community. We genuinely care, from board to store level, about making our communities better places to live.

As we look to the future, we are committed to building strong foundations in every aspect of our co-operative. We are excited about the opportunities ahead and remain focused on serving our members to achieve our Vision of being Our Communities' Trusted 1st Choice.

On behalf of the Board of Directors, thank you for being a part of the foundation we're building. Together, we are Saskatoon Co-op.

Highlights from the Federated Co-operatives Limited (FCL) 2024 AGM

- FCL Board of Director President Retired
- 2024 FCL Cyber Security Incident Impacted Financial Results at FCL and Retail
- FCL Term Limits Bylaw Resolution Passed
- Co-op Retail Member Plus Project Pilot is Stopped
- Nathan Holowaty (Saskatoon Co-op Board Director) Elected as Director to FCL
- FCL Received Award for System-wide Board of Directors Training Program

Board of Directors

(Left to right) Nathan Holowaty*, Graham Addley (President), David Thieme, Mike Cey, Michelle Neufeld, Gord Bedient, Yvonne Hanson, Ron Frey, Véronique Loewen
*Resigned Feb 2025 to join the FCL Board.



CEO's Message



Gerald Hiebert
Chief Executive Officer

I am proud to report that Saskatoon Co-op has achieved another year of remarkable success with sales reaching \$609 million. This accomplishment underscores the dedication of our Team Members and the strength of the relationships we have built with our members and our communities.

This year's theme, Building Strong Foundations, reflects both our commitment to operational excellence and the momentum we're generating as we build for the future.

This past year has been marked by significant growth and expansion. We have been building three new liquor stores (Stonebridge, Warman and Martensville), contributing to the substantial growth of that division over the past decade. Additionally, we've been making key upgrades to several sites, including our Rosthern Hybrid store, Hepburn Ag location the construction of an AWSA storage facility in Colonsay and the Vonda Hybrid store. These expansions are a testament to our commitment to serving more members and building strong foundations in each of our 10 communities.

Building for the future also means reinforcing our commitment to our team members. This year, we ratified a new collective bargaining agreement with one of our employee unions (UFCW 1400), ensuring mutual prosperity and continued growth. This agreement serves as a foundation upon which we will continue to build a thriving and engaged workforce.

Our operational growth goes hand-in-hand with community investment and helping the underserved in our community. Our co-operative truly cares, and it shows in our support of incredible causes. This year, we launched a new partnership with the Saskatoon Community Clinic and their Emergency Food Bags program, while continuing our support of groups including the Friendship Inn, TeleMiracle, and the Sask Valley Hospital Foundation. I'm also proud to report that our food locations donated over \$660,000 of in-kind food donations to support food banks, food pantries and school programs in our communities – a remarkable team effort.

Of course, this year was not without its challenges. The cyber security incident at Federated Co-operatives Limited last summer tested our resilience, but thanks to the loyalty and support of our members, Saskatoon Co-op emerged stronger. As we move forward, we remain committed to building strong foundations in all areas of our operations. We will continue to invest in our people, our infrastructure and our communities to ensure the long-term success of Saskatoon Co-op.

Thank you for your ongoing support and confidence in Saskatoon Co-op. We take pride in being Our Communities' Trusted 1st Choice.



Executive Leadership Team

(Left to Right) Dan Collier, Vice President of Operations; Patti Glowa, Vice President of Human Resources; Tyler Dunn, Vice President of Marketing & Communications; Jillian Sutherland, Vice President of Asset Protection; Gerald Hiebert, Chief Executive Officer; Erdine Giesbrecht, Vice President of Finance; Brad Weigel, Vice President of Operations; Sheena Rowan, Executive Assistant

Year in Review



August

Grand opening of the Colonsay Disc Golf Course, funded by CRS Community Spaces



125,000

Members



10

Communities



40

Retail Sites



1,400

Team Members
Employed

310

community groups
supported

\$1.1 M

donated to
community

66%

of revenue from
Saskatoon

34%

of revenue from
rural communities

February

Saskatoon Co-op welcomed the community of Vonda after finalizing amalgamation with Vonda Co-op.

March

Centre Food team members hosted Rock 102's Stuff the Bus team, helping them collect over 17,000 pounds of food and raise over \$66,000.



April

Newly renovated Project Centre opens at the Avenue C Home Centre.



May

Saskatoon Co-op's liquor division celebrates its 10 year anniversary.



May

Saskatoon Co-op hosted its Annual General Meeting which, along with a Town Hall in January, gathered the membership for updates on the co-operative.

June

Board-approved equity payments of \$7.6 million were sent out to Saskatoon Co-op members.

July

Partnered with Saskatoon Jazz Fest, with games, giveaways, and promotions for music lovers.



August

Hosted the Co-op Kids' Zone at the Saskatoon Ex with giveaways for families in attendance.



September

Fuel Good Day raised over \$27,000 for 10 non-profit organizations.



October

New partnership with the Saskatoon Community Clinic to celebrate Co-op Week.

October

New five-year collective bargaining agreement ratified with UFCW 1400.

January

Expansion of the Rosthern Gas Bar, now offering liquor, fresh sandwiches, fried chicken and EV stations.

January

Pharmacies at Stonebridge, The Centre, and Warman began offering assessment and treatment of ear infections.



Financial Performance

Our Goal: We will achieve prudent and self-sufficient financial goals by maintaining controls, managing risk and pursuing viable business opportunities.

Saskatoon Co-op Sales

\$609 million

\$22.1 M

Net Savings

\$15.1 M

Patronage to Members

\$9.4 M

Cash Back to Members

2025 Patronage Allocation

Prescriptions	2.0%	Twine, Feed, Ag Equipment	0.5%
Food, Gas Bar (Non-Fuel)	3.0%	Gas Bar (Fuel)	5.0%
Car Wash	0.5%	Bulk Petroleum	5.0%
Liquor	2.0%	Oils and Lubes	5.0%
Crop Inputs	3.0%	Fertilizer	0.5%
Home Centre, Ag Hardware	0.25%		

Engaging Our People

Our Goal: We will be a desired place to build a career with a diversely skilled, focused, and engaged team.

Co-op's motto is "You're at home here" and over 1,400 team members in 10 communities continue to call Saskatoon Co-op home – a place to learn and grow for a short time or in long-term career.

This past year, Saskatoon Co-op and UFCW 1400 formalized a new five-year collective bargaining agreement. This agreement reaffirmed the co-operative and the union's commitment to their valued team members and the communities they serve.

Our team members demonstrate their commitment with long-term careers at Saskatoon Co-op. In 2024-25, 156 team members celebrated a service milestone, with 19 of those team members having between 40 and 55 years of service.



CONNECT 2024

Over 700 team members attended CONNECT, an engaging and informative gathering of the co-operative where leadership provided updates on the current state and future potential of Saskatoon Co-op.

Highlights

- Welcome to the team: Co-op welcomed 396 new team members in 2024.
- First employer for many: We have 124 team members under 18 years of age.
- Opening doors for newcomers to Canada: We hired 43 team members who held temporary work permits in 2024.
- Breaking news: We completed updates to our internal Sparrow channel, simplifying logins on web and mobile devices to keep team members connected to the latest news and opportunities.
- Centre Food Manager Jim Cumpstone celebrated an incredible 55 years of service in the industry.

Operational Excellence

Our Goal: We will create value for our members within the Co-operative Retailing System through safe, efficient and effective procedures and products.

Saskatoon Co-op's expansion in Fiscal 2024-25 was exciting and reinforced the year's theme of "Building Strong Foundations," setting our co-operative up for prosperity now and into the future.

In February 2024, we welcomed Vonda Co-op to the family, marking the completion of the co-operative's amalgamation following a successful vote by the membership. The rural communities in our service area are a significant part of our future and will create a broader network of locations accessible to all our members.

The Hepburn Ag Centre continues to expand to meet the needs of our customers with a new fertilizer shed expansion, adding 4,300 square feet of storage tied to the existing main fertilizer plant.

The Rosthern C-Store & Gas Bar expansion was also completed, offering new services and amenities, including a 3,500-square-foot liquor and hot food addition, as well as EV charging.

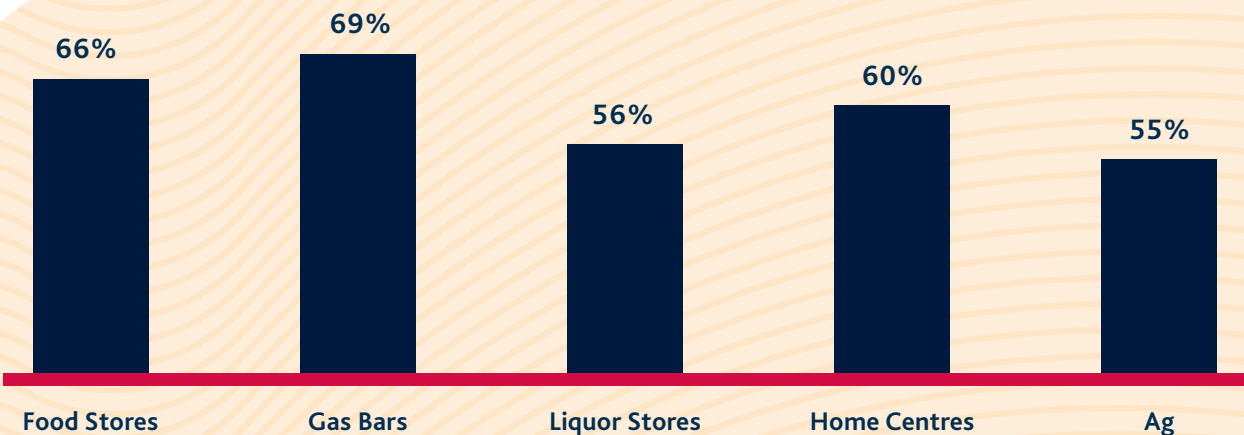
Saskatoon Co-op made significant progress in building new liquor stores in Stonebridge, Martensville and Warman. All three stores are set to open in 2025 and will continue to grow a division defined by an exceptional selection of local and Canadian products, collaborations with local distillers and a team of knowledgeable staff.



Highlights

- Safety first: We launched a new internal awareness program across all sites, on topics like winter readiness, fraud awareness and near-miss reporting.
- In 2024, we conducted a member survey on brand differentiators. Across all lines of business, membership benefits were the consistent factor in choosing to shop at Co-op.

Q: Why do you shop at Co-op?
A: Member Benefits



Market Growth

Our Goal: We will grow our market by providing differentiated offerings and excellent customer experiences, while living our Co-op Branded Values of Locally Invested, Community-Minded and Lifetime Membership Benefits.



Home and Building Solutions

- We hosted booths at HomeStyles and Gardenscape in Saskatoon, showcasing home and garden solutions for attendees.
- The Saskatoon Blades Game Day presented by Saskatoon Co-op featured our HABS division with winter products, promotions and a Co-op shovel shootout!
- Our Home Centres at Ave C and Greystone hosted Kids Club Members for a Build N' Craft event, helping kids build their very own Christmas décor.

Liquor

- Our liquor division proudly presented Uncorked YXE, an event featuring over 150 wines, spirits and more to sample.
- We refreshed our Wine Locker Program with more pricing options. The program provides wines specially selected by our expert sommelier team, and includes tasting notes, pairing tips and more to enhance wine knowledge.
- This year, we launched our latest collaboration with Crossmount Cider Company – the Saskatoon Co-op Haskap Vanilla cider.
- Our Liquor Division celebrated its 10th anniversary.

Food and Pharmacy

- Our popular Butcher Summer Series returned, giving our local butchers the chance to highlight their favourite fresh meat options in food stores
- We celebrated Father's Day in style, with custom grill kits for purchase in stores.
- Our pharmacies at Stonebridge, Centre, and Warman are among those selected by the Government of Saskatchewan to assess and treat ear infections. These services are offered via walk-in assessment.
- Our pharmacies provided over 7,500 flu and COVID vaccinations.





Hepburn Crop Tour

In July, we hosted a Hepburn Crop Tour, which was an opportunity to network with farmers and enjoy delicious food while learning from a top agronomist from the Canola Council of Canada.

Gas Bar and Car Wash

- The Fuel Like a Winner campaign was popular with customers, with a weekly prize of \$1,000 available to be won on a minimum fuel up of 30 litres.
- Our Gift of Full Service campaign returned with a \$1,000 prize for customers purchasing a \$50 gift card, and allowing customers and members to nominate individuals who make a difference in the community for a chance to win a prize valued at \$500.
- The Saskatoon Berry-flavoured Big Cools were, unsurprisingly, a home run with fans.
- In 2024, Co-op sold over 182 million litres of fuel.
- In 2024, Co-op Car Washes kept over 436,000 cars looking clean.

Agro and Bulk Fuel

- Our popular Beat The Tax campaign returned, offering new and returning customers the chance to earn gift cards for pre-payments for their bulk fuelling needs by December 31.
- In January, we hosted a breakfast at the Crop Production Show, with 100+ attendees learning about ag, bulk fuel and economic market shifts in the industry.
- Our team was at the Co-op Farm Building at the Ag in Motion show, connecting with customers looking for farm solutions.

Investing in Community

Our Goal: We will be recognized and respected as a leading community builder focusing on community engagement and sustainable environmental stewardship.

- Saskatoon Co-op received Imagine Canada's PRISM Network (formerly Caring Company) designation for the second consecutive year. The PRISM Network recognizes organizations that give back at least one percent of pre-tax profits to communities where their employees live and work. We excelled—investing over 4.5% of pre-tax profits into the community.
- We partnered with the Saskatoon Community Clinic, a health services co-operative, to donate \$5,000 in support of their Emergency Food Bag program. The program provides immediate nutrition to at-risk individuals, particularly those without the means to prepare meals at home.



Fuel Good Day 2024

Fuel Good Day 2024 was another success, supporting 10 non-profits across our communities. Since 2017, Saskatoon Co-op has donated over \$300,000 through the initiative with the 2024 donations going to:



CLASI	\$15,160.37
Martensville Food Pantry	2,990.15
Warman Food Bank	2,654.31
Good Neighbours Food Centre	1,804.65
Interlake Human Resources Corporation	1,276.63
Dalmeny Co-operative Playschool	939.20
Colonsay Breakfast Program	897.18
Shekinah Retreat Centre	633.20
Vonda Public Library	544.50
Hepburn Fire Department	501.51
Total	\$27,401.70

- Saskatoon Co-op stores helped support TeleMiracle 49, selling Helping Hands at all retail locations. Together, we raised over \$32,000 for the telethon and the important causes it serves.
- Saskatoon Co-op partnered with Rock 102 for the annual Stuff the Bus Campaign. The team at the Centre Food Store supported the fundraising event, with over 17,000 lbs of food and \$66,000 raised in support of the Saskatoon Food Bank and Learning Centre.
- We supported the Saskatoon Public Schools Foundation's Cheer Crate Program – providing gift cards, bags and bulk food orders to support the families in need that use the program.
- The Colonsay Disc Golf Course opened in 2024, thanks in part to the successful funding of \$57,000 through the CRS Community Spaces Program. The golf course is a walkable, usable space for disc golf, tobogganing, playground, farmers' market and more.
- Saskatoon Co-op solidified major partnerships with the Saskatoon Berries, Saskatoon Blades, the Saskatchewan Rush, the University of Saskatchewan Huskies, and the Saskatoon Hilltops.



Rosthern	Sask Valley Hospital Foundation	\$20,000
Saskatoon	Saskatoon Indian & Métis Friendship Centre	20,000
Saskatoon	Merlis Belsher Home Ice Campaign	12,500
Saskatoon	Saskatoon Public Schools Foundation	7,500
Saskatoon	Friendship Inn	6,000
Saskatoon	Saskatoon Community Clinic	5,000
Saskatoon	St. Paul's Hospital Foundation	5,000
Saskatoon	CHEP Good Food Inc.	5,000
Saskatoon	Crocus Co-op	5,000
Saskatoon	Jim Pattison Children's Hospital	5,000
Saskatoon	OUT Saskatoon	5,000
Saskatoon	United Way Saskatoon & Area	5,000
Saskatoon	Canadian Mental Health Association Saskatoon	4,500
Saskatoon	Broadway Theatre	3,000
Saskatoon	Hope's Home	2,951



Membership and Highlights

- Saskatoon Co-op welcomed over 3,800 new members in 2024, bringing total membership to over 125,000.
- Our Kids Club continues to grow as well, with 3,400 members and several fun activities, including movie nights, holiday decorating activities and craft kit building.
- Our Rosthern C-Store & Gas Bar now features two 100kW EV charging stations, reinforcing our commitment to sustainability and service.

DID YOU KNOW: 65% of our community donations supported groups in Saskatoon, while 35% supported groups in our rural communities.

Saskatoon	Inclusion Saskatchewan	\$2,000
Saskatoon	Meewasin Valley Authority	2,000
Martensville	Martensville and District Kinette Club	1,000
Hepburn	Hepburn Museum of Wheat	1,000
Hepburn	Hepburn Christmas Hamper	1,000
Hepburn	Hepburn Fire & EMS	1,000
Martensville	Martensville Food Pantry	1,000
Martensville	Martensville Firefighter's Association	1,000
Martensville	Martensville Buster Days	1,000
Saskatoon	Whitecap Dakota First Nation	1,000
Saskatoon	MMIWG2S+ Feast & Round Dance	1,000
Saskatoon	USask AgBio Challenge	1,000
Warman	Warman Community Middle School	1,000
Watrous	Town of Watrous	1,000
Watrous	Watrous Kinsmen Club	1,000

Financial Statements 2024

To the Members of The Saskatoon Co-operative Association Limited:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Saskatoon Co-operative Association Limited (the "Co-operative"), which comprise the balance sheet as at January 31, 2025, 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, 2025, 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 comprises the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

Report on Other Legal and Regulatory Requirements

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

Saskatoon, Saskatchewan

April 24, 2025

MNP LLP

Chartered Professional Accountants

MNP

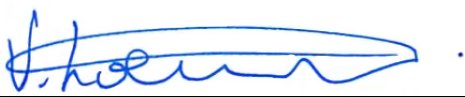
The Saskatoon Co-operative Association Limited

Balance Sheet

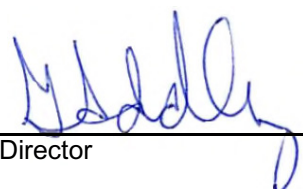
As at January 31, 2025

	2025	2024
Current assets		
Cash	\$ 2,673,748	\$ 3,062,371
FCL special deposit (Note 4(a))	30,853,205	38,474,401
Accounts receivable (Note 5)	8,873,101	7,709,898
Income taxes recoverable	2,405,948	3,194,262
Inventories (Note 6)	61,782,437	56,929,328
Prepaid expenses	2,860,046	1,337,563
	<u>109,448,485</u>	<u>110,707,823</u>
Investments		
Federated Co-operatives Limited (Note 4(b))	69,899,197	68,081,415
Property, plant and equipment (Note 7)	140,733,603	129,206,609
Intangible assets (Note 8)	6,295,970	6,717,268
Goodwill (Note 9)	12,364,402	12,364,402
Total assets	<u><u>\$ 338,741,657</u></u>	<u><u>\$ 327,077,517</u></u>
Current liabilities		
Accounts payable and trust liabilities (Note 11)	\$ 57,998,048	\$ 61,545,635
Customer prepaid accounts	4,862,356	3,131,681
Total liabilities	<u>62,860,404</u>	<u>64,677,316</u>
Members' equity		
Share capital (Note 13)	124,683,710	118,200,130
Reserves and retained savings (Note 14)	151,197,543	144,200,071
	<u>275,881,253</u>	<u>262,400,201</u>
Total liabilities and members' equity	<u><u>\$ 338,741,657</u></u>	<u><u>\$ 327,077,517</u></u>
Subsequent events (Note 20)		
Commitments (Notes 4(d) and 22))		
Contingencies (Note 23)		

Approved on behalf of the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements

The Saskatoon Co-operative Association Limited
Statement of Net Savings and Statement of Retained Savings
For the Year Ended January 31, 2025

	2025	%	2024	%
Sales (Note 15)	\$ 609,031,170	100.0	\$ 600,322,253	100.0
Cost of goods sold	<u>503,543,165</u>	<u>82.7</u>	<u>500,379,967</u>	<u>83.4</u>
Gross margin	<u>105,488,005</u>	<u>17.3</u>	<u>99,942,286</u>	<u>16.6</u>
Expenses				
Staff	64,256,571	10.6	61,224,410	10.2
Operating and administration	39,176,012	6.4	38,027,795	6.3
Net interest (Note 16)	<u>(2,094,366)</u>	<u>(0.3)</u>	<u>(1,436,496)</u>	<u>(0.2)</u>
	<u>101,338,217</u>	<u>16.7</u>	<u>97,815,709</u>	<u>16.3</u>
Savings from operations	4,149,788	0.6	2,126,577	0.3
FCL loyalty program (Note 4(d)(ii))	7,208,795	1.2	7,001,815	1.2
Patronage refunds (Note 4(b))	<u>9,863,526</u>	<u>1.6</u>	<u>15,632,434</u>	<u>2.6</u>
Savings before gain on amalgamation and income taxes	21,222,109	3.4	24,760,826	4.1
Gain on amalgamation (Note 21)	<u>2,513,507</u>	<u>0.4</u>	<u>-</u>	<u>-</u>
Savings before income taxes	23,735,616	3.8	24,760,826	4.1
Income tax expense (Note 19)	<u>1,589,245</u>	<u>0.3</u>	<u>2,541,663</u>	<u>0.4</u>
Net savings	<u>\$ 22,146,371</u>	<u>3.1</u>	<u>\$ 22,219,163</u>	<u>3.7</u>
Retained savings, beginning of year	\$ -		\$ -	
Net savings	22,146,371		22,219,163	
Transfer to statutory reserve (Note 14)	(1,186,781)		(1,238,041)	
Transfer to general reserve (Note 14)	(5,846,865)		(6,728,583)	
Patronage allocation to members (Note 13)	<u>(15,112,725)</u>		<u>(14,252,539)</u>	
Retained savings, end of year (Note 14)	<u>\$ -</u>		<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

The Saskatoon Co-operative Association Limited

Statement of Cash Flows

For the Year Ended January 31, 2025

	2025	2024
Operating activities		
Net savings	\$ 22,146,371	\$ 22,219,163
Adjustments for:		
Depreciation	9,772,359	8,545,507
Amortization of intangible assets	426,043	426,043
FCL patronage refund	(9,863,526)	(15,632,434)
Loss on the disposal of property, plant and equipment	60,878	309,768
Gain on amalgamation (Note 21)	(2,513,507)	-
Changes in non-cash operating working capital:		
Accounts receivable	(1,163,203)	914,539
Income taxes recoverable	788,314	(594,512)
Inventories	(4,853,109)	1,465,117
Prepaid expenses	(1,522,483)	2,074,598
Accounts payable and trust liabilities	(3,547,587)	12,725,997
Customer prepaid accounts	1,730,675	555,322
Net working capital acquired on amalgamation	231,506	-
Cash provided by operating activities	<u>11,692,731</u>	<u>33,009,108</u>
Investing activities		
Redemption of FCL shares	9,708,602	12,505,947
Additions to property, plant and equipment	(23,276,023)	(8,524,892)
Proceeds from the disposal of property, plant and equipment	2,213,902	484,350
Additions to intangible assets	(4,745)	(2,527,100)
Cash consideration on business combination (Note 25)	-	(1,000,000)
Cash acquired on amalgamation (Note 21)	1,064,113	-
Cash provided by (used for) investing activities	<u>(10,294,151)</u>	<u>938,305</u>
Financing activities		
Share capital issued	38,440	36,250
GST on allocation	438,128	469,161
Redemption of share capital	(9,884,967)	(9,944,441)
Cash used for financing activities	<u>(9,408,399)</u>	<u>(9,439,030)</u>
Net (decrease) increase in cash	(8,009,819)	24,508,383
Cash, beginning of year	<u>41,536,772</u>	<u>17,028,389</u>
Cash, end of year	<u>\$ 33,526,953</u>	<u>\$ 41,536,772</u>
Cash and cash equivalents are comprised of:		
Cash	\$ 2,673,748	\$ 3,062,371
FCL special deposit	30,853,205	38,474,401
	<u>\$ 33,526,953</u>	<u>\$ 41,536,772</u>

The accompanying notes are an integral part of these financial statements

The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2025

1. Incorporation and operations

The Saskatoon Co-operative Association Limited was incorporated under the Co-operatives Act of Saskatchewan on January 2, 1936 and Vonda Co-operative Association Limited was incorporated under the Co-operatives Act of Saskatchewan on April 14, 1938. On February 4, 2024, the two co-operatives amalgamated to form The Saskatoon Co-operative Association Limited ("the Co-operative"). The primary business of the Co-operative is operating retail petroleum, food, home centre, agricultural and liquor outlets in Saskatoon, Saskatchewan and area.

2. Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for private enterprises. A precise determination of many assets and liabilities is dependent upon future events and consequently, the preparation of these financial statements involves the use of estimates and approximations. Areas subject to estimation include valuation of accounts receivable, inventory, useful life of property, plant and equipment, fair value of assets acquired under amalgamation, impairment of long-lived assets, goodwill, intangible assets, income taxes, asset retirement obligations, accrued liabilities and potential contingencies. These estimates also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

These financial statements have been prepared to reflect the following significant accounting policies:

(a) Definition of financial year

The Co-operative's financial year ends on the Saturday closest to January 31.

(b) Cash

Cash is defined as cash and investments with an initial maturity of less than three months.

(c) Inventories

Inventories are valued using a weighted average formula, first-in first-out method, and the retail method. Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the most appropriate method for that particular inventory class.

The Co-operative estimates net realizable value as the amount that inventories are expected to be sold for, taking into consideration fluctuations of retail price due to seasonality less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is determined to be not recoverable due to obsolescence, damage or permanent declines in selling prices.

The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2025

2. Significant accounting policies (continued)

(d) Financial instruments

The Co-operative recognizes its financial instruments when the Co-operative becomes party to the contractual provisions of the financial instrument.

(i) Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction are initially recorded at their fair value. At initial recognition, the Co-operative may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Co-operative has not made such an election during the year.

Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment, or adjustments for patronage refunds or share redemptions. All transactions with Federated Co-operatives Limited (FCL) are disclosed in a separate note (Note 4). All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

(ii) Financial asset impairment

The Co-operative assesses impairment of all its financial assets measured at cost or amortized cost. The Co-operative groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group, there are numerous assets affected by the same factors, or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty, whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Co-operative determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Co-operative reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the balance sheet date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year net earnings.

The Co-operative reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net earnings in the year the reversal occurs.

The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2025

2. Significant accounting policies (continued)

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is taken over the estimated useful lives of the assets using the following methods and rates:

Buildings	Straight-line & declining balance	25 years or 4% - 10%
Leasehold improvements	Straight-line	5 - 22 years
Tanks	Declining balance	10% - 20%
Furniture & equipment	Declining balance	5 years or 20% - 55%
Computer equipment	Straight-line	3 - 5 years
Pavement	Declining balance	8%
Vehicles	Declining balance	15% - 30%
Parking lot equipment	Declining balance	10%

Expenditures for maintenance and repairs are charged to operating expenses as incurred. Significant expenditures for improvements are capitalized. Gains or losses realized on the disposal of property, plant and equipment are reflected in operations in the year of disposition.

Claims for assistance under various FCL programs are recorded as a reduction of the cost of related assets in the period in which eligible expenditures are incurred, with any depreciation calculated on the net amount.

An impairment loss is recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. No such impairment loss was recorded during the year.

(f) Asset retirement obligation

The Co-operative has a liability for an asset retirement obligation in the period in which a legal liability is incurred. The liability is based on management's best estimate. The liability is subsequently adjusted for the passage of time, which is recognized as an accretion expense in the statement of net savings and statement of retained savings. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. Actual costs incurred upon settlement of the asset retirement obligations are charged against the asset retirement obligation to the extent of the liability recorded.

(g) Share capital

The Co-operative approves an allocation to members subsequent to year end. The amount is recorded as an addition to share capital and a reduction in retained savings. The Co-operative records the redemption of shares that is to be paid to members at the time it has been approved by the Board of Directors.

(h) Revenue recognition

The Co-operative recognizes revenue when evidence of an arrangement exists, delivery or change of ownership has occurred, the price has been determined, and collection is reasonably assured. Patronage allocations are recognized in earnings when earned by the Co-operative.

The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2025

2. Significant accounting policies (continued)

(i) Income taxes

The Co-operative follows the taxes payable method whereby only current income tax assets and liabilities are recognized to the extent they remain unpaid or are recoverable. In addition, the benefit relating to a tax loss incurred in the current period and carried back to prior periods is recognized as a current asset. Current income tax assets and liabilities are measured using tax rates that are enacted or substantively enacted at the reporting date.

(j) Goodwill

Goodwill resulting from business combinations represents the portion of the purchase price that was in excess of the fair value of the net identifiable assets acquired. Goodwill is not amortized and is tested for impairment whenever changes in circumstances indicate that the carrying amount of the reporting unit to which goodwill is assigned exceeds the fair value of the reporting unit. If the carrying value of the reporting unit to which goodwill has been assigned exceeds its fair value, then, with respect to the reporting unit's goodwill, any excess of its carrying value over its fair value is expensed. Impairment losses relating to goodwill cannot be reversed in future years.

(k) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is taken over the estimated useful lives of the assets using the following methods and rates once the intangible asset is functional:

Market lease	Straight-line	22 years
Supply agreement	Straight-line	3 - 8 years

Indefinite life intangible assets are not amortized.

An impairment loss is recognized when the carrying amount of an intangible asset is not recoverable and exceeds its fair value. No such impairment loss was recorded during the year.

(l) Business combinations

Business combinations are accounted for using the acquisition method. The application of this method requires certain estimates and assumptions especially concerning the determination of the fair value of the acquired intangible assets, property, plant and equipment, as well as the liabilities assumed at the date of the acquisition, based on information available at that date.

At the acquisition date, the Co-operative recognizes, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the subsidiary. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values. Any non-controlling interest in a subsidiary is measured either at fair value or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets.

The consideration transferred for each acquisition is measured as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred, and equity instruments issued by the Co-operative to obtain control of the subsidiary.

The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2025

3. Financial instruments and risk management

The significant financial risks to which the Co-operative is exposed are credit risk, interest rate risk, liquidity risk, and commodity price risk.

(a) Credit risk

The Co-operative is exposed to credit risk on accounts receivable from its customers. The Co-operative manages credit risk through an active credit management program. The Co-operative does not have a significant exposure to any individual customer (2024 - no significant exposure to any individual customer).

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Co-operative's sensitivity to fluctuations in interest rates is limited to its cash, funds on deposit, and debt. The Co-operative manages its exposure to interest rate risk through floating rate deposits and borrowings.

(c) Liquidity risk

Liquidity risk is the risk that the Co-operative will encounter difficulty in meeting obligations associated with financial liabilities. The Co-operative is exposed to liquidity risk arising primarily from the current obligations. The Co-operative's ability to meet obligations depends on funds generated by its operations.

(d) Commodity price risk

The Co-operative enters into transactions to purchase crop production products, for which market prices fluctuate. The nature of the Co-operative's activities exposes it to risk of changes in commodity prices related to crop inputs that may occur between the time products are received from the supplier and actual date of sale to customers. To mitigate a portion of this risk, the Co-operative enters into contracts with the supplier to purchase the product at specified prices.

The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2025

4. Transactions with Federated Co-operatives Limited

(a) FCL special deposit

Amounts held with FCL as special deposits earn interest at rates based on prime rates.

(b) Patronage refund

The Co-operative, along with other Co-operatives in Western Canada, own FCL. At the end of each year, FCL divides a substantial portion of its net savings among these retail Co-operatives in proportion to the business done by each with FCL. During FCL's fiscal year ended October 31, 2024, the Co-operative purchased goods amounting to \$402,176,634 (2023 - \$411,393,500) from FCL in the normal course of operations.

These purchases resulted in a patronage refund from FCL which was received as non-cash consideration in the form of additional shares in FCL. FCL, based on its available cash flow, redeemed an amount of FCL shares held by the Co-operative. The amounts of the patronage refund and shares redeemed are as follows:

	2025	2024
Opening investment balance	\$ 68,081,415	\$ 64,954,928
Patronage refund	9,863,526	15,632,434
FCL shares from Vonda Co-operative Association Limited (Note 21)	1,662,858	-
Share redemptions	<u>(9,708,602)</u>	<u>(12,505,947)</u>
Closing investment balance	<u>\$ 69,899,197</u>	<u>\$ 68,081,415</u>

(c) Asset retirement obligation

The Co-operative participates in a contaminated site management program established by FCL to manage its asset retirement obligations. This program limits the Co-operative's liability to \$25,000 per site as long as the Co-operative continues to exercise due diligence. The Co-operative has 24 sites under this program. Management believes that due diligence has been exercised and that the impact of the asset retirement obligation to the Co-operative's financial statements is not significant.

The Co-operative's has one fertilizer site that is covered under the contaminated site management program established by FCL. Management cannot make a reasonable estimate of the future asset retirement obligation due to the uncertainty of the timing of when management would decommission the fertilizer division.

The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2025

4. Transactions with Federated Co-operatives Limited (continued)

(d) Purchase commitments

(i) Under the terms of the agreement with FCL, the Co-operative has committed to purchase petroleum products, at market price, from FCL for its gas bar and cardlock operations over a ten year period commencing from September 2015. Failure to meet this commitment would require the Co-operative to immediately pay outstanding gas bar and cardlock loan balances owed to FCL, plus repay any gas bar and cardlock grants received, including interest on the grants compounded annually at 10% from the grant date. Total grants received during this period amounted to approximately \$5,272,376 (2024 - \$12,639,994). Management intends to fulfill all existing contracts with FCL.

(ii) Under the terms of the agreement with FCL, the Co-operative has committed to purchase at least 90% of its total goods from FCL and commits, to the best of its ability, to use FCL's services. If the eligibility requirements are met, FCL will pay the Co-operative, on a quarterly basis, a Loyalty Payment based on cents per litre. The Loyalty Payment revenue is accrued as earned.

(iii) Under the terms of the agreement with FCL, the Co-operative has committed to purchase food, pharmacy, and food-related products, from FCL and continue to operate certain food stores over periods of ten to thirty years depending on the specific contract. Failure to meet this commitment without FCL approval would require the Co-operative to repay the assistance received on a prorated basis. Total assistance that would be repayable if commitments were not met without FCL approval as at January 31, 2025 amounted to \$5,900,000 (2024 - \$6,200,000).

(iv) Under the terms of the agreement with FCL, the Co-operative has committed to purchase fertilizer products, at market price, from FCL over a five year period commencing from July 2019. Every July 1st thereafter, the term of this agreement shall be automatically extended by one additional year. Failure to meet this commitment would require the Co-operative to pay a termination charge to FCL determined by a formula based on purchases and years remaining in the contract. Management intends to fulfill all existing contracts with FCL.

(v) Under the terms of the agreement with FCL, the Co-operative has committed to purchase petroleum, agriculture, and home center related products, from FCL and continue to operate certain gas bars, agriculture, and home center stores over periods of ten to thirty years depending on the specific contract. Failure to meet this commitment would require the Co-operative to repay the assistance accrued and received on a prorated basis. Total assistance that would be repayable if commitments were not met amounted to \$1,515,759 (2024 - \$1,515,759). Management intends to fulfill all commitments with FCL.

(e) Strategic partnership

The Co-operative has a five year strategic partnership with FCL expiring on January 31, 2026. The partnership provides services, including business and financial planning and operational assistance for the Co-operative from FCL upon request. The Co-operative pays a partnership fee which covers the expenses for positions listed in the agreement. For the year ended January 31, 2025, the net partnership fee totaled \$845,529 (2024 - \$715,575).

The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2025

5. Accounts receivable

	2025	2024
Customer accounts receivable	\$ 6,394,560	\$ 5,637,912
Other accounts receivable	2,778,541	2,371,986
Allowance for doubtful accounts	<u>(300,000)</u>	<u>(300,000)</u>
	<u>\$ 8,873,101</u>	<u>\$ 7,709,898</u>

6. Inventories

	2025	2024
Raw material	\$ 5,137,853	\$ 3,605,515
Goods for resale	<u>56,644,584</u>	<u>53,323,813</u>
	<u>\$ 61,782,437</u>	<u>\$ 56,929,328</u>

The cost of inventories recognized as an expense during the year was \$502,923,664 (2024 - \$499,785,921).

7. Property, plant and equipment

	Original Cost	Accumulated Depreciation	2025 Book Value	2024 Book Value
Land	\$ 40,894,488	\$ -	\$ 40,894,488	\$ 41,315,663
Buildings	120,910,061	54,411,332	66,498,729	63,380,573
Leasehold improvements	9,021,837	4,375,763	4,646,074	5,057,741
Tanks	4,653,908	3,959,274	694,634	883,110
Furniture & equipment	48,166,483	35,925,974	12,240,509	11,290,792
Computer equipment	9,702,330	9,418,389	283,941	579,553
Pavement	11,250,020	6,498,520	4,751,500	4,980,579
Vehicles	7,860,847	4,922,526	2,938,321	1,607,750
Parking lot equipment	201,706	149,697	52,009	50,673
Under construction	<u>7,733,398</u>	<u>-</u>	<u>7,733,398</u>	<u>60,175</u>
	<u>\$ 260,395,078</u>	<u>\$ 119,661,475</u>	<u>\$ 140,733,603</u>	<u>\$ 129,206,609</u>

Depreciation for the current year included in operating and administration expense was \$9,772,359 (2024 - \$8,545,507).

The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2025

8. Intangible assets

	Original Cost	Accumulated Amortization	2025 Book Value	2024 Book Value
Liquor permits	\$ 4,493,902	\$ -	\$ 4,493,902	\$ 4,489,157
Supply agreements	1,320,814	901,119	419,695	720,068
Market lease	<u>2,764,743</u>	<u>1,382,370</u>	<u>1,382,373</u>	<u>1,508,043</u>
	<u>\$ 8,579,459</u>	<u>\$ 2,283,489</u>	<u>\$ 6,295,970</u>	<u>\$ 6,717,268</u>

Commercial liquor permits have an indefinite life.

Market lease and supply agreements amortization for the current year end included in operating and administration expenses was \$426,043 (2024 - \$426,043).

9. Goodwill

The changes in the carrying amount of goodwill for the current year are as follows:

	2025	2024
Balance, beginning of year	\$ 12,364,402	\$ 12,074,444
Additions to goodwill	<u>-</u>	<u>289,958</u>
Balance, end of year	<u>\$ 12,364,402</u>	<u>\$ 12,364,402</u>

10. Line of credit

The Co-operative has a \$1,000,000 line of credit with Affinity Credit Union of which no amount has been drawn as at January 31, 2025 (2024 - \$nil). The line of credit is secured by a General Security Agreement covering all present and after acquired property. Interest on the line of credit is prime rate of 5.2% (2024 - 7.2%).

11. Accounts payable and trust liabilities

	2025	2024
FCL payables	\$ 41,070,497	\$ 43,810,094
Other payables	12,879,168	13,145,725
Trust liabilities:		
Federal fuel charge	2,662,186	2,267,522
Provincial sales tax	405,715	406,714
Liquor consumption tax	317,650	304,882
Vapour tax	4,267	6,032
Payroll deductions	<u>658,565</u>	<u>1,604,666</u>
	<u>\$ 57,998,048</u>	<u>\$ 61,545,635</u>

The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2025

12. Long-term debt

FCL lines of credit for the Westview Food, Martensville Food, Centre Food, Husky VTB, and Husky Capex loans bear interest at the prime rate of 5.2% (2024 - 7.2%) and are repayable via an annual reduction in available credit. As at January 31, 2025, no amount has been drawn (2024 - \$nil). The loans are subject to certain financial and non-financial covenants. The Co-operative believes it is in compliance with these covenants as at year end and have been in compliance since the loan start dates. The loans are unsecured. The available credit per year is as follows:

	Westview Food Store	Martensville Food Store	Centre Food Store
2026	\$ 2,500,000	\$ 3,000,000	\$ 3,960,000
2027	-	2,000,000	2,970,000
2028	-	1,000,000	1,980,000
2029	-	-	990,000
2030	-	-	-

	Husky VTB	Husky Capex	Total
2026	\$ 1,546,391	\$ 328,351	\$ 11,334,742
2027	773,195	218,901	5,962,096
2028	-	109,450	3,089,450
2029	-	-	990,000
2030	-	-	-

13. Share capital

Authorized, unlimited @ \$1	2025	2024
Balance, beginning of year	\$ 118,200,130	\$ 113,351,882
Allocation to members	15,112,725	14,252,539
Cash from new members	38,440	36,250
New members from Vonda Co-operative Association Limited	743,080	-
GST on allocation	438,128	469,161
Shares transferred from reserves	36,174	34,739
	<u>134,568,677</u>	<u>128,144,571</u>
General repayment	5,940,184	6,134,460
Withdrawals and retirements	2,673,162	2,476,210
Withholding tax	1,271,621	1,333,771
	<u>9,884,967</u>	<u>9,944,441</u>
Balance, end of year	<u><u>\$ 124,683,710</u></u>	<u><u>\$ 118,200,130</u></u>

The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2025

14. Reserves and retained savings

	Statutory Reserve	General Reserve	Retained Savings	2025	2024
Balance, beginning of year	\$ 25,778,042	\$ 118,422,029	\$ -	\$ 144,200,071	\$ 136,268,186
Net savings distributed to retained savings	-	-	22,146,371	22,146,371	22,219,163
Patronage allocation	-	-	(15,112,725)	(15,112,725)	(14,252,539)
Shares transferred	(36,174)	-	-	(36,174)	(34,739)
Reserve transfers	1,186,781	5,846,865	(7,033,646)	-	-
Balance, end of year	<u>\$ 26,928,649</u>	<u>\$ 124,268,894</u>	<u>\$ -</u>	<u>\$ 151,197,543</u>	<u>\$ 144,200,071</u>

15. Sales

	2025	2024
Consumer fuels	\$ 224,290,643	\$ 209,482,832
Food	222,693,921	209,359,287
Ag and Petroleum	90,356,314	110,636,827
Liquor	47,033,831	43,894,144
Home Centre	24,656,461	26,949,163
	<u>\$ 609,031,170</u>	<u>\$ 600,322,253</u>

The Co-operative's business operations consist of five segment. All sales are to external customers and no single customer accounts for more than 10% of sales.

16. Net interest

	2025	2024
Interest expense on		
- Short-term debt	\$ 2,080	\$ -
- Long-term debt	-	190
Interest revenue	<u>(2,096,446)</u>	<u>(1,436,686)</u>
	<u>\$ (2,094,366)</u>	<u>\$ (1,436,496)</u>

The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2025

17. Lease to others

The Co-operative leases property, plant and equipment to others. The lease is classified as an operating lease and rental revenues are included in operating and administration expenses. At year end the cost of the property, plant and equipment held for leasing purposes was \$10,232,021 (2024 - \$8,514,746) and the accumulated depreciation was \$4,635,021 (2024 - \$4,338,758). Revenue generated from operating leases during the year is \$1,456,500 (2024 - \$1,474,119).

18. Pension plan

The Co-operative participates in a multi-employer defined contribution plan whereby the Co-operative and participating employees contribute equal amounts up to the maximum allowed under the Income Tax Act. The Co-operative has no unfunded liability under this plan. During the year, the Co-operative recorded \$2,407,169 (2024 - \$2,310,449) of expense relating to the plan. There were no significant changes to the rate of employer contributions during the year.

19. Income tax expense

The Co-operative accounts for income taxes using the taxes payable method. As a result, the Co-operative's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	2025	2024
Savings before income taxes	\$ 23,735,616	\$ 24,760,826
Expected income tax expense at the combined tax rate of 27% (2024 - 27%) net of the general rate reduction	6,408,616	6,685,423
Increase (decrease) in income tax expense resulting from:		
Non-taxable income and non-deductible expense	(662,500)	77,718
Patronage allocation to members of \$15,112,725 (2024 - \$14,252,539)	(4,080,436)	(3,848,186)
Income or expenses claimed in different periods for income tax purposes:		
Capital cost allowance in excess of depreciation	(76,674)	(427,342)
Allowance for doubtful accounts	(1,245)	24,495
Other items that impact income taxes:		
Prior year tax adjustment	1,484	29,555
Income tax expense	<u>\$ 1,589,245</u>	<u>\$ 2,541,663</u>

The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2025

20. Subsequent events

(a) Patronage allocation to members

Subsequent to January 31, 2025 the Board of Directors approved a patronage allocation to members in the amount of \$15,112,725 (2024 - \$14,252,539).

(b) Share redemption

Subsequent to January 31, 2025 the Board of Directors approved a redemption of shares in the amount of \$7,313,000 (2024 - \$6,783,000).

(c) Stonebridge liquor store

Subsequent to January 31, 2025 the Stonebridge liquor store project completed and was put into operations.

21. Vonda Co-operative Association Limited amalgamation

On February 4, 2024, the Co-operative amalgamated with Vonda Co-operative Association Limited (the "acquiree"). This amalgamation is accounted for using the acquisition method. This method results in the acquiree's identifiable assets acquired and liabilities assumed being measured at their acquisition date fair values. For amalgamations involving co-operatives, the consideration is deemed to be the amount of the acquiree's share capital at the acquisition date. The following is a summary of the fair value of the assets acquired and liabilities assumed in the amalgamation as well as the deemed consideration and calculation of the gain on amalgamation.

Current assets	\$ 1,622,220
Property, plant and equipment	298,110
Other assets	1,662,858
Total net assets	<u>3,583,188</u>
Less: Total net liabilities	326,601
Deemed consideration	743,080
Gain on amalgamation	<u>\$ 2,513,507</u>

22. Commitments

(a) The Co-operative is committed to a new liquor location in Warman. The estimated total cost of the project is \$5.4 million of which \$1.8 million has been set up as under construction. This project will be financed from operations.

(b) The Co-operative is committed to a new liquor location in Martensville. The estimated total cost of the project is \$5.2 million of which \$1.6 million has been set up as under construction. This project will be financed from operations.

The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2025

22. Commitments (continued)

(c) The Co-operative is committed to expand the agro location in Colonsay. The estimated total cost of the project is \$2 million of which \$400,000 has been set up as under construction. This project will be financed from operations.

(d) The Co-operative is committed to a new store in Vonda. The estimated total cost of the project is \$3.5 million of which \$800,000 has been set up as under construction. This project will be financed from operations.

23. Contingencies

Certain claims are pending against the Co-operative. While it is not possible to determine the ultimate outcome of such actions at this time, it is management's opinion that the ultimate resolution of such matters will not have an adverse affect on the Co-operative's financial condition or results of operation.

24. Operating leases

The Co-operative has entered into contracts for the leasing of certain land and buildings. Lease terms expire between October 2025 and October 2037 with 5 year renewal options of one to four terms. Future committed minimum lease payments including anticipated lease payments on leases expected to be renewed, over the next five years amount to:

January 31, 2026	\$ 2,545,668
2027	2,542,727
2028	2,694,178
2029	2,724,187
2030	2,755,096

Occupancy costs are in addition to the future committed minimum lease payments.

25. Business combination

On December 11, 2023 the Co-operative acquired liquor permit and assets from 101037906 Saskatchewan Ltd. Total cash consideration was \$1,000,000. The Co-operative determined the acquisition constituted a business combination and accounted for using the acquisition method. This method results in the acquirees' identifiable assets acquired being measured at their acquisition date fair values. The sales have been integrated and are reported within the liquor division from the date of acquisition.

The purchase price allocation was as follows:

Equipment	\$ 10,042
Intangible asset (a liquor permit)	700,000
Goodwill	<u>289,958</u>
Total cost of acquisition	<u>\$ 1,000,000</u>
Total cash consideration	<u>\$ 1,000,000</u>



Saskatoon

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