



SASKATOON

2023-2024 ANNUAL REPORT

Growing Together

“ Keeping local is important to us and we love that the Co-op supports the community back while assisting local teams/events. Having somewhere to get all resources groceries/ag/lumber nearby is a huge asset to our community area. Co-op cardlocks are very convenient for our farm program, working late and often it's the only time we have to go fuel up. Also, on farm delivery is very attractive.

Dawn

WE ARE LOCAL

“ Co-op membership allows me to get great local products and services and also get a payback through the equity program. Co-op is local to my community and based on principles that respect and build the communities in which they operate. Co-op is a long tradition in my family and we know the Co-op grocery, gas and farm stores have always been there to serve us.

Debbie

“ This is how we continue to build sustainable communities together... I am grateful. I am able. I am Co-op. If it wasn't for the CRS, many Western Canadian communities would not exist. Co-op builds for purpose. Strength in numbers. Buying locally at the Co-op provides back to the community. Being a member provides value to my community and will be strong for another 100 years.

Colin



“ I love having a grocery store like Co-op in our community that I can quickly buy all that I need. I can usually find everything quickly and the staff is friendly and helpful. I don't think you would get the same kind of service in the city as you do in a small town where everybody knows your name. I can be in and out in 5 minutes.

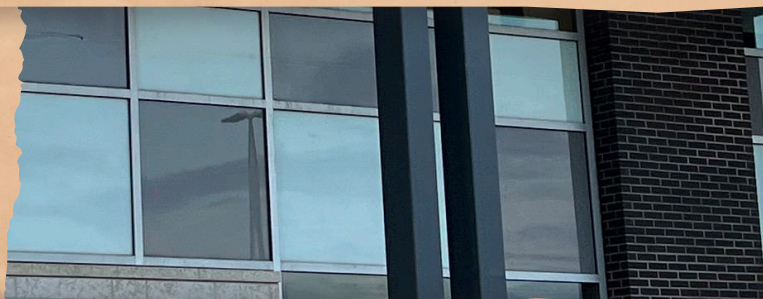
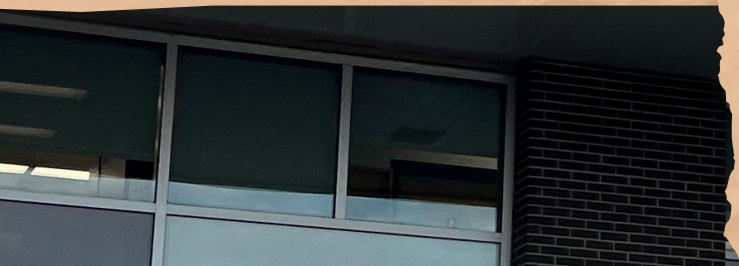
Kristy

“ Co-op is a business that supports its community, so I feel it is important that we support this business by buying our groceries there when we can. I also appreciate their customer service, good selection of products and overall appeal when walking in the store. I also appreciate that Co-op has a return program that rewards members who buy from them. Gas, groceries, home hardware; customers can get a per cent of their purchase back which not all stores do.

Chelsey

“ I love the notion that I get to financially support a local grassroots organization with my purchases across a number of commodities and also that I get to have a say in the direction of the Co-op via the democratic process. I also love the fact that Co-op is a heritage brand that I associate with Canada and more specifically Western Canada!

Christopher



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PRESIDENT'S MESSAGE.

GRAHAM ADDLEY

Reflecting on the remarkable year Saskatoon Co-op has had, I am delighted to convey the essence of our annual report theme, "Growing Together." With just two words, it not only encapsulates the year gone by but also hints at the promising future ahead. On behalf of the entire Board of Directors, I express our appreciation for the exceptional efforts of the Saskatoon Co-op team in ensuring the prosperity of our association within the community.

A significant amount of work was completed last year towards the amalgamation with Vonda Co-op, and we extend a warm welcome to everyone in 2024. The co-operative spirit shone brightly throughout the process, evident through the collaboration with the Board of Directors of the Vonda Co-op throughout the amalgamation process, and the introduction of the Vice President of the Board as a new member of the Saskatoon Co-op Member & Community Engagement Committee. The collaborative efforts of both leadership teams underscore our shared belief that "we are better together." I eagerly anticipate witnessing the growth and development in the Vonda area as we enhance our services for our expanded membership.

In the pursuit of diversity, equity and inclusion, Saskatoon Co-op made substantial progress this year. The addition of

language promoting diversity in our Call for Nominations for the Board of Directors was a great first step. Internally, our senior leadership team engaged in multiple touchpoints to shape our strategy and familiarize all Team Members throughout the Association with this important aspect. With our tagline "You're at Home Here," we aim to convey our commitment to making everyone, regardless of their background, feel welcome in our stores. Our vision is for our business to authentically reflect and support our diverse community, and I eagerly anticipate witnessing this commitment come to life in 2024 and beyond.

In another late-year achievement, Saskatoon Co-op proudly received the "Caring Company" certification from Imagine Canada. This recognition, reserved for companies that contribute 1% of pre-tax profits to their community, highlights our dedication and support for the communities in which we operate. From food bank donations to active participation and volunteering at local events, the Saskatoon Co-op team genuinely cares about our local community.

I express my heartfelt gratitude for your continuous support and for entrusting us with the responsibility of serving our community as part of your Co-op. We eagerly anticipate another year of "Growing Together"!



Board of Directors
(L – R) Nathan Holowaty, Graham Addley (President), David Thieme, Pat Atkinson, Tajinder Grewal, Gord Bedient, Yvonne Hanson (Vice-President), Ron Frey, Véronique Loewen

CEO'S MESSAGE.

GERALD HIEBERT



I'm so proud of the combined efforts of our Team Members, Leadership Team and Board of Directors to wrap up another remarkable year for your Saskatoon Co-op in 2023.

Saskatoon Co-op achieved a significant milestone with total sales surpassing an impressive \$600 million. This outstanding accomplishment is a testament to the collective efforts of our Team Members and the unwavering support from our community and membership, which has now grown to over 121,000 strong.

Under the theme "Growing Together," the past year has seen numerous triumphs. The overwhelming community support, with over 97 per cent favouring the amalgamation between Saskatoon Co-op and Vonda Co-op, exemplifies our belief that we are truly better together. This collaboration marks our 10th community and 40th location, reflecting our commitment to serving our communities. The addition of a new liquor location in Warman, purchases of three additional Liquor Retail Sales Permits for future growth in this division, the expansion and opening of the new Hepburn Ag Centre, the conversion of the Sutherland Husky C-Store/Gas Bar & Carwash to the Co-op banner, and the grand re-opening of the Stonebridge Food Store following their renovations, all contributed to our continuous growth and enhanced service offerings.

As a co-operative deeply rooted in community values, we have been privileged to support several local organizations, including the Saskatoon Indian Metis Friendship Centre, numerous hospital foundations, local food banks, Friendship Inn, OUTSaskatoon, TeleMiracle, Secret Santa Foundation and Hope's Homes, among others. Our commitment goes beyond monetary contributions, as our Team Members actively engage in volunteer support, reflecting the positive impact of our brand in the community.

Diversification remains a key focus of our business strategy, both in commodities and geographically. Our rural locations, now accounting for nearly 40 per cent of our total sales, continue to thrive, solidifying their position as essential components of our overall success. The recent strategy session with our Board of Directors highlighted the enthusiasm and energy for the future of Saskatoon Co-op, underscoring the exciting prospects that lie ahead.

I invite you to peruse our Annual Report, a comprehensive reflection of the remarkable achievements and milestones of your Saskatoon Co-op in the past year. I look forward to the exciting journey that the coming years will unfold, as we continue to strive towards achieving our vision of being our Communities' Trusted 1st Choice.



Senior Leadership Team

(L – R) Dan Collier, Director of Operations; Patti Glowa, Director of Human Resources; Tyler Dunn, Director of Marketing & Communications; Jillian Sutherland, Director of Asset Protection; Gerald Hiebert, Chief Executive Officer; Erdine Giesbrecht, Director of Finance; Brad Weigel, Director of Operations; Sheena Rowan, Executive Assistant

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 company

Excellence – We do our best in everything we do

Community – We strengthen and care for people and our environments

FINANCIAL

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

**SASKATOON CO-OP
SALES LAST YEAR**

\$600 MILLION

\$22.2 M

NET SAVINGS

\$14.2 M

**PATRONAGE
TO MEMBERS**

\$9.4 M

**CASH BACK
TO MEMBERS**

2024 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	1.5%	Oils & Lubes	5.0%
Crop Inputs	2.0%	Fertilizer	0.25%
Home Centre, Ag Hardware	0.25%		

PEOPLE

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



COMMUNITY CONNECTION

Community BBQs were held in Waldheim and Dalmeny (pictured here).



Saskatoon Co-op welcomed 423 new employees in 2023.

Saskatoon Co-op employees contributed nearly 350 volunteer hours to their local communities!

- Co-op launched the People Forward program in 2023. This new HR system will support Team Members through their Co-op experience, from hire to retire, offering them self-service functionality.
- In 2023, we had 157 Team Members that celebrated service milestones. Together, these individuals have contributed 1,920 combined years of service to Saskatoon Co-op!
- Nearly 800 Team Members attended Saskatoon Co-op's CONNECT conference. This event featured an update of the many ways Saskatoon Co-op is growing, and was also a launchpad for the organization's official Diversity, Equity and Inclusion (DEI) strategy.
- Saskatoon Co-op was a major sponsor and volunteer participant in a number of events throughout the year including OUTSaskatoon BBQ, United Way Stuff the Bus, Grand Slam of Curling, Friendship Inn and BBQs in Dalmeny and Waldheim.
- 2023 Kids Club activities included craft kit building with our Home & Building Solutions Centres, free Big Cool slush giveaways, Halloween cookie decorating at our Centre Food Store and a private screening of the Trolls 3 movie at Centre Cineplex!

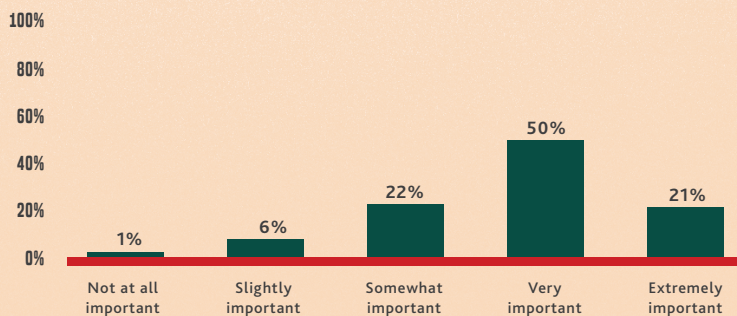
OPERATIONS

We will create value for our members within the Co-operative Retailing System through safe, efficient and effective procedures and practices



- Saskatoon Co-op acquired a liquor license and a store in Warman in 2023. The store has been Co-op branded, currently employs eight Team Members, and has seen strong and continued sales.
- The Stonebridge Food Store underwent renovations in 2023 that expanded the Pharmacy, brought fried chicken to the deli, and refreshed and expanded the floral department at the store. A Grand Re-opening of Stonebridge was held September 8 with food specials, radio live-on-location, and fun giveaways for shoppers.
- The Hepburn Ag Centre (formerly the Hepburn Fertilizer Terminal) held a Grand Opening on June 9 to celebrate the new building and expanded product lines that are now carried. The new complex carries crop protection products, animal feed, farm equipment, ag hardware, oils and lubricants, as well as fertilizer.
- Saskatoon Co-op returned to Sutherland, opening a Gas Bar at the end of Central Avenue. This Gas Bar was part of the Husky divestment. The Gas Bar opened on June 14 with a community BBQ, radio live-on-location and free Big Cool slush giveaways.

Most customers believe Saskatoon Co-op is very important to their community



In 2023, we conducted a member survey and asked questions to gauge opinions around community involvement, shopping experience, employee treatment, sustainability and more.



EXPANDED HEPBURN AG CENTRE

On June 9 we officially opened the new Hepburn Ag Centre.

In May 2023 Vonda Co-op voted 97% in favour of amalgamating with Saskatoon Co-op. Vonda will join Saskatoon Co-op in 2024, adding a 10th location to our retail network.

MARKET

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

- Our Home Centres participated in the HomeStyles Show and presented a beautiful booth that showcased our Spring and Summer products and services, earning them first place in the Multi-Booth Award category!
- We launched the “Build Your Summer Escape” campaign, which included hosting Customer and Supplier Appreciation BBQs, Kids Club events, highlighting our products and services on CTV and partnering with high-profile influencers.

LIQUOR

- Liquor hosted their very first Cocktail Competition for its collaboration “Paris of the Prairies” Gin with Stumbletown Distilling. The competition received 30+ entries from throughout Saskatoon and the event had nearly 150 attendees.
- “Find Your Summer Spirits” campaign highlighted the latest and most exciting summer liquor products. We hosted the first-ever Tasting Party at the 8th Street Co-op Liquor Tasting Room on July 27th, attracting over 100 attendees!
- Introduced the revamped Wine Locker Program to better serve customers. You can sign up for a locker membership online at shopliquoryxe.ca and select from three different tiers (Wine Enthusiast, Wine Aficionado, Wine Connoisseur).
- Partnered with TCU Place to host Uncorked on October 13 and 14, an all-inclusive wine and spirits event featuring more than 200 offerings from over 50 exhibitors, attracting over 400 attendees each night.

BEAT THE TAX!

Pre-pay your Bulk Farm Fuel for 2024 before December 31, 2023 and receive up to \$2,500 in Co-op gift cards. Redeem at all of your favourite Co-op locations like Food, Fuel, Liquor and Building Solutions! Just in time for the holidays!

FUEL • LUBRICANTS • PROPANE www.fuel.crs

BULK FUEL

- Two major Bulk Fuel campaigns attracted new and returning customers. Beat the Tax gave gift cards to people who booked and paid for their bulk fuel before December 31. Promoting summer diesel delivery year-round helped book in summer diesel for farmers before seeding began.

AG



GETTING OUT IN THE FIELD

Growers attending a crop tour in Hepburn.

- Our four Ag and Farm Centres were profiled using videos to introduce the management and staff, and showcase the breadth and depth of the services each site offers to our ag communities.
- Two crop tours were held for Saskatoon Co-op growers in the Aberdeen and Hepburn areas. Growers could connect with suppliers, see variety performance in the field, talk about crop inputs used and discuss moisture levels in the crop.
- The Aberdeen crop tour welcomed 30 growers while the Hepburn crop tour welcomed 40 growers. The Hepburn tour also welcomed agronomic expert Tom Wolf to speak to growers about sprayer tips for their crops.



FOOD AND PHARMACY

- Launched our very first Private Label vs. National Brand campaign with "That's Co-op GOLD" show, inviting customers to taste-test Co-op Gold products against national brand products. We filmed the reactions and preferences and the episodes collectively amassed over 150,000 views in 2023.
- Our Food Stores hosted a Local Tasting Weekend from August 10 to 13, offering the opportunity to sample a variety of local products from our local partners.
- Showcased the expertise of our Pharmacy team members through a series of videos, garnering over 25,000 views!
- Saskatoon Co-op presented 'Co-op Day' at the 2023 Saskatchewan Jazz Festival, which included a ring toss game where people won Co-op Gold products and prizes.



FUEL AND CAR WASH

- In our month-long car wash campaign in August, we saw an increase of more than 1,400 per cent in total new sign-ups and over 1,000 per cent in average weekly sign-ups!
- We launched the "Not Your Average Gas Bar" campaign to showcase Saskatoon Co-op's offerings that set us apart from competitors, such as our unique local products, site appeal, fresh meals, fuel quality and car wash services. As part of this campaign, we designated June 17 as 'Sip into Summer Day,' offering a free Big Cool Slush from 12-5 p.m. This promotion saw 1,887 redemptions!
- Our Gift of Full Service holiday campaign featured a community initiative that encouraged people to nominate individuals to receive a holiday surprise from Co-op. This year, we received over 500 nominations, doubling the number from 2022.

Total fuel litres sold 157,488,435*

*this number includes gas bar, cardlock and reseller litres

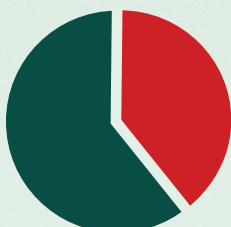
Saskatoon Co-op washed 379,140 cars last year

DONATIONS & COMMUNITY INVOLVEMENT



FUELLING GOOD IN OUR COMMUNITIES

We had another successful Fuel Good Day in all of our 9 communities.



60% of our budget goes to Saskatoon community donations and 40% goes to Rural community donations

- We supported the Dalmeny Seniors Association with a garden shed and a BBQ for use in their community garden space.
- Saskatoon Co-op, along with FCL, signed a three-year partnership with Saskatoon Indian and Métis Friendship Centre (SIMFC). This partnership supports a number of initiatives, including a hot meal program and survivor packages for the community's most vulnerable.
- We supported the Friendship Inn's Fill the Plate campaign with a \$10,000 donation and volunteered to serve breakfast and lunch to the community.
- The Colonsay Golf Course Revitalization project was awarded \$57,000 through Co-op's Community Spaces program. The golf course has been developed into a walkable, usable space for disc golf, tobogganing, playground, farmers' market and more.
- Saskatoon Co-op has solidified relationships and commitment to major sponsorships with the University of Saskatchewan Huskies, Saskatoon Blades, Saskatchewan Rush, Saskatoon Hilltops and the Saskatchewan Rattlers.



In 2023, all nine Saskatoon Co-op communities participated in Fuel Good Day, benefitting the following groups:

• Colonsay Food Bank	\$1,070.76
• Creative Kids Saskatchewan (Saskatoon)	\$15,485.78
• Dalmeny Fire and Rescue	\$1,347.02
• Waldheim Minor Ball	\$715.25
• Hepburn Before & After School Program	\$738.41
• Watrous Seniors Recreation Club	\$1,479.61
• Hope's Home (Warman)	\$5,791.05
• Sask Central Victim Services (Martensville)	\$2,473.40
• Rosthern Minor Hockey	\$2,335.23
Total	\$31,436.51



FILLING THE PLATE

Saskatoon Co-op stepped up to donate and volunteer at Friendship Inn during the holidays.



2023–24 Donations – Saskatoon

• TeleMiracle 47 - through Helping Hands sales	\$28,500
• Saskatoon Indian and Métis Friendship Centre - partnership	\$20,000
• Secret Santa Foundation - ongoing founding partnership	\$20,000
• Friendship Inn - Fill the Plate campaign	\$10,000
• Crocus Co-operative	\$5,000
• OUTSaskatoon	\$5,000
• CHEP Good Food	\$5,000
• Inclusion Saskatchewan	\$2,500
• Hope's Homes	\$2,000

Rural Donations

• Warman Elementary School Playground	\$3,000
• Watrous and District Fire Department	\$3,000
• Good Neighbours Food Centre (Rosthern)	\$2,500
• Martensville Fire Department	\$2,500
• Dalmeny Seniors Association	\$2,400
• Waldheim Fire and Rescue	\$2,000
• Colonsay School Breakfast Program	\$1,000
• Hepburn Christmas Hamper Committee	\$1,000

SUSTAINABILITY

We will be recognized and respected as a leading community builder with a focus on community engagement and practicing sustainable environmental stewardship.



- Saskatoon Co-op received Imagine Canada's Caring Company designation in 2023. The Caring Company Certification program awards a Trustmark to companies that give back at least one per cent of pre-tax profits to communities where their employees live and work.

Organics Diversion for Saskatoon Businesses *featuring Saskatoon Co-op*



- The City of Saskatoon profiled the Attridge Food Store as part of their Business Organics program, shining a light on the store's robust compost program that helps divert a large amount of organic waste from the city's landfill.
- Saskatoon Co-op entered the Energy Star Program through Natural Resources Canada by following a detailed process. The program utilizes a national database to rate commercial buildings' energy performance, relative to similar facilities nationwide. Out of the locations we have participating currently, five of seven locations scored 90 per cent or higher, placing them among Canada's top 10 per cent of most energy efficient buildings. The remaining two locations attained a score of 80 per cent or higher, positioning them among the top 20 per cent of most energy-efficient buildings.



Members from Saskatoon Co-op's Ag Team have received 4R Nutrient Stewardship training. This training encompasses:

- Right Source – matching fertilizer type to crop needs

- Right Rate – matching the amount of fertilizer type the crop needs
- Right Time – making nutrients available when the crop needs them
- Right Place – keeping nutrients where crops can best use them

Through this training, our Ag Team can help our customers achieve their cropping system goals, including increased production, increased farmer profitability, enhanced

environmental protection and improved sustainability. 4R Agronomists must meet a list of minimum requirements, including being a Certified Crop Advisor, holding a Professional Agronomist or Technical Ag designation, completion of full credit units related to the 4R Training Course and more. We are extremely proud to have a number of our Ag Team certified as 4R Advisors and look forward to helping our customers find success and efficiencies in their operations.

2023

FINANCIAL STATEMENTS

Management's Responsibility

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

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for private enterprises and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Co-operative. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, internal auditors, and external auditors. The Board is also responsible for recommending the appointment of the Co-operative's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

April 25, 2024



Chief Executive Officer

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, 2024, 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, 2024, 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.

Independent Auditor's Report *(continued from previous page)*

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 25, 2024

MNP LLP
Chartered Professional Accountants

MNP

The Saskatoon Co-operative Association Limited

Balance Sheet

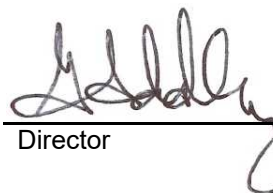
As at January 31, 2024

	2024	2023
Current assets		
Cash	\$ 3,062,371	\$ 2,531,882
FCL special deposit (Note 4(a))	38,474,401	14,496,507
Accounts receivable (Note 5)	7,709,898	8,624,437
Income taxes recoverable	3,194,262	2,599,750
Inventories (Note 6)	56,929,328	58,394,445
Prepaid expenses	1,337,563	3,412,161
	<u>110,707,823</u>	<u>90,059,182</u>
Investments		
Federated Co-operatives Limited (Note 4(b))	68,081,415	64,954,928
Property, plant and equipment (Note 7)	129,206,609	130,011,300
Intangible assets (Note 8)	6,717,268	3,916,211
Goodwill (Note 9)	12,364,402	12,074,444
Total assets	<u><u>\$ 327,077,517</u></u>	<u><u>\$ 301,016,065</u></u>
Current liabilities		
Accounts payable and trust liabilities (Note 11)	\$ 61,545,635	\$ 48,819,638
Customer prepaid accounts	3,131,681	2,576,359
Total liabilities	<u><u>64,677,316</u></u>	<u><u>51,395,997</u></u>
Members' equity		
Share capital (Note 13)	118,200,130	113,351,882
Reserves and retained savings (Note 14)	144,200,071	136,268,186
	<u>262,400,201</u>	<u>249,620,068</u>
Total liabilities and members' equity	<u><u>\$ 327,077,517</u></u>	<u><u>\$ 301,016,065</u></u>
Subsequent events (Note 20)		
Commitments (Note 4(d) and 21))		
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, 2024

	2024	%	2023	%
Sales (Note 15)	\$ 600,322,253	100.0	\$ 593,820,224	100.0
Cost of goods sold	<u>500,379,967</u>	<u>83.4</u>	<u>493,422,033</u>	<u>83.1</u>
Gross margin	<u>99,942,286</u>	<u>16.6</u>	<u>100,398,191</u>	<u>16.9</u>
Expenses				
Staff	61,224,410	10.2	57,726,751	9.7
Operating and administration	38,027,795	6.3	36,285,411	6.1
Net interest (Note 16)	<u>(1,436,496)</u>	<u>(0.2)</u>	<u>(602,534)</u>	<u>(0.1)</u>
	<u>97,815,709</u>	<u>16.3</u>	<u>93,409,628</u>	<u>15.7</u>
Savings from operations	2,126,577	0.3	6,988,563	1.2
FCL loyalty program (Note 4(d)(ii))	7,001,815	1.2	6,669,061	1.1
Patronage refunds (Note 4(b))	<u>15,632,434</u>	<u>2.6</u>	<u>13,053,680</u>	<u>2.2</u>
Savings before income taxes	24,760,826	4.1	26,711,304	4.5
Income tax expense (Note 19)	<u>2,541,663</u>	<u>0.4</u>	<u>3,223,834</u>	<u>0.5</u>
Net savings	<u><u>\$ 22,219,163</u></u>	<u>3.7</u>	<u><u>\$ 23,487,470</u></u>	<u>4.0</u>
 Retained savings, beginning of year	 \$ -		 \$ -	
Net savings	22,219,163		23,487,470	
Transfer to statutory reserve (Note 14)	(1,238,041)		(1,395,900)	
Transfer to general reserve (Note 14)	(6,728,583)		(7,566,040)	
Patronage allocation to members (Note 13)	<u>(14,252,539)</u>		<u>(14,525,530)</u>	
Retained savings, end of year (Note 14)	<u><u>\$ -</u></u>		<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, 2024

	2024	2023
Operating activities		
Net savings	\$ 22,219,163	\$ 23,487,470
Adjustments for:		
Depreciation	8,545,507	8,878,470
Amortization of intangible assets	426,043	426,043
FCL patronage refund	(15,632,434)	(13,053,680)
Loss (gain) on the disposal of property, plant and equipment	309,768	(68,774)
Changes in non-cash operating working capital:		
Accounts receivable	914,539	(2,735,430)
Income taxes recoverable	(594,512)	(2,427,340)
Inventories	1,465,117	(9,415,315)
Prepaid expenses	2,074,598	(2,273,169)
Accounts payable and trust liabilities	12,725,997	9,976,765
Customer prepaid accounts	555,322	244,159
Cash provided by operating activities	<u>33,009,108</u>	<u>13,039,199</u>
Investing activities		
Redemption of FCL shares	12,505,947	10,442,944
Additions to property, plant and equipment	(8,524,892)	(6,785,904)
Proceeds from the disposal of property, plant and equipment	484,350	83,968
Additions to intangible assets	(2,527,100)	(1,320,814)
Cash consideration on business combination (Note 22)	(1,000,000)	(1,771,967)
Cash provided by investing activities	<u>938,305</u>	<u>648,227</u>
Financing activities		
Share capital issued	36,250	31,820
GST on allocation	469,161	328,565
Redemption of share capital	(9,944,441)	(6,904,680)
Cash used for financing activities	<u>(9,439,030)</u>	<u>(6,544,295)</u>
Net increase in cash	24,508,383	7,143,131
Cash, beginning of year	17,028,389	9,885,258
Cash, end of year	<u>\$ 41,536,772</u>	<u>\$ 17,028,389</u>
Cash and cash equivalents are comprised of:		
Cash and cash equivalents	\$ 3,062,371	\$ 2,531,882
FCL special deposit	38,474,401	14,496,507
	<u>\$ 41,536,772</u>	<u>\$ 17,028,389</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, 2024

1. Incorporation and operations

The Saskatoon Co-operative Association Limited was incorporated under the Co-operatives Act of Saskatchewan on January 2, 1936 and Hepburn Co-operative Association Limited was incorporated under the Co-operatives Act of Saskatchewan on April 9, 1939. On February 3, 2019, 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, 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, 2024

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, 2024

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, 2024

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, 2024

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 (2023 - 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, 2024

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, 2023, the Co-operative purchased goods amounting to \$411,393,500 (2022 - \$406,890,009) 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:

	2024	2023
Opening investment balance	\$ 64,954,928	\$ 62,344,192
Patronage refund	15,632,434	13,053,680
Share redemptions	<u>(12,505,947)</u>	<u>(10,442,944)</u>
Closing investment balance	<u><u>\$ 68,081,415</u></u>	<u><u>\$ 64,954,928</u></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 23 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, 2024

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 May 2014. 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 \$12,639,994 (2023 - \$13,097,081). 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, 2024 amounted to \$6,200,000 (2023 - \$6,600,000).

(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 2020. 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 Cooperative 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 (2023 - \$1,573,291). 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, 2024, the net partnership fee totaled \$715,575 (2023 - \$660,392).



The Saskatoon Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2024

5. Accounts receivable

	2024	2023
Customer accounts receivable	\$ 5,637,912	\$ 6,564,627
Other accounts receivable	2,371,986	2,359,810
Allowance for doubtful accounts	<u>(300,000)</u>	<u>(300,000)</u>
	<u><u>\$ 7,709,898</u></u>	<u><u>\$ 8,624,437</u></u>

6. Inventories

	2024	2023
Raw material	\$ 3,605,515	\$ 5,271,451
Goods for resale	<u>53,323,813</u>	<u>53,122,994</u>
	<u><u>\$ 56,929,328</u></u>	<u><u>\$ 58,394,445</u></u>

The cost of inventories recognized as an expense during the year was \$499,785,921 (2023 - \$492,924,232).

7. Property, plant and equipment

	Original Cost	Accumulated Depreciation	2024 Book Value	2023 Book Value
Land	\$ 41,315,663	\$ -	\$ 41,315,663	\$ 41,361,668
Buildings	114,172,849	50,792,276	63,380,573	62,315,064
Leasehold improvements	9,239,439	4,181,698	5,057,741	5,426,258
Tanks	4,770,429	3,887,319	883,110	1,137,492
Furniture & equipment	46,634,476	35,343,684	11,290,792	10,300,273
Computer equipment	10,080,495	9,500,942	579,553	516,810
Pavement	11,062,340	6,081,761	4,980,579	5,375,317
Vehicles	6,027,223	4,419,473	1,607,750	1,009,738
Parking lot equipment	195,400	144,727	50,673	58,005
Under construction	<u>60,175</u>	<u>-</u>	<u>60,175</u>	<u>2,510,675</u>
	<u><u>\$ 243,558,489</u></u>	<u><u>\$ 114,351,880</u></u>	<u><u>\$ 129,206,609</u></u>	<u><u>\$ 130,011,300</u></u>

Depreciation for the current year included in operating and administration expense was \$8,545,507 (2023 - \$8,878,470).



The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2024

8. Intangible assets

	Original Cost	Accumulated Amortization	2024 Book Value	2023 Book Value
Liquor permits	\$ 4,489,157	\$ -	\$ 4,489,157	\$ 1,262,057
Supply agreements	1,320,814	600,746	720,068	1,020,441
Market lease	2,764,743	1,256,700	1,508,043	1,633,713
	<u>\$ 8,574,714</u>	<u>\$ 1,857,446</u>	<u>\$ 6,717,268</u>	<u>\$ 3,916,211</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 (2023 - \$426,043).

9. Goodwill

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

	2024	2023
Balance, beginning of year	\$ 12,074,444	\$ 11,940,637
Additions to goodwill	289,958	133,807
Balance, end of year	<u>\$ 12,364,402</u>	<u>\$ 12,074,444</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, 2024 (2023 - \$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 7.2% (2023 - 6.7%).

11. Accounts payable and trust liabilities

	2024	2023
FCL payables	\$ 43,810,094	\$ 33,551,240
Other payables	13,145,725	13,140,282
Trust liabilities:		
Federal fuel charge	2,267,522	1,321,824
Provincial sales tax	406,714	330,560
Goods and services tax	-	252,903
Liquor consumption tax	304,882	216,803
Vapour tax	6,032	6,026
Payroll deductions	1,604,666	-
	<u>\$ 61,545,635</u>	<u>\$ 48,819,638</u>



The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2024

12. Long-term debt

FCL lines of credit for the Warman Food, Centre Food 1, Westview Food, Martensville Food, Centre Food 2, Husky VTB, and Husky Capex loans bear interest at the prime rate of 7.2% (2023 - 6.7%) and are repayable via an annual reduction in available credit. As at January 31, 2024, no amount has been drawn (2023 - \$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:

	Warman Food Store	Centre Food Store 1	Westview Food Store	Martensville Food Store	Centre Food Store 2
2025	\$ 1,000,000	\$ 1,914,000	\$ 5,000,000	\$ 4,000,000	\$ 4,950,000
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
2025	\$ 2,319,586	\$ 437,802	\$ 19,621,388
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

	2024	2023
Authorized, unlimited @ \$1		
Balance, beginning of year	\$ 113,351,882	\$ 105,336,564
Allocation to members	14,252,539	14,525,530
Cash from new members	36,250	31,820
GST on allocation	469,161	328,565
Shares transferred from reserves	34,739	34,083
	<u>128,144,571</u>	<u>120,256,562</u>
General repayment	6,134,460	4,098,681
Withdrawals and retirements	2,476,210	1,924,394
Withholding tax	1,333,771	881,605
	<u>9,944,441</u>	<u>6,904,680</u>
Balance, end of year	<u>\$ 118,200,130</u>	<u>\$ 113,351,882</u>



The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2024

14. Reserves and retained savings

	Statutory Reserve	General Reserve	Retained Savings	2024	2023
Balance, beginning of year	\$ 24,574,740	\$ 111,693,446	\$ -	\$ 136,268,186	\$ 127,340,329
Net savings distributed to retained savings	-	-	22,219,163	22,219,163	23,487,470
Patronage allocation	-	-	(14,252,539)	(14,252,539)	(14,525,530)
Shares transferred	(34,739)	-	-	(34,739)	(34,083)
Reserve transfers	1,238,041	6,728,583	(7,966,624)	-	-
Balance, end of year	<u>\$ 25,778,042</u>	<u>\$ 118,422,029</u>	<u>\$ -</u>	<u>\$ 144,200,071</u>	<u>\$ 136,268,186</u>

15. Sales

	2024	2023
Consumer fuels	\$ 209,482,832	\$ 216,805,198
Food	209,359,287	194,698,224
Ag and Petroleum	110,636,827	122,175,322
Liquor	43,894,144	32,204,232
Home Centre	26,949,163	27,937,248
	<u>\$ 600,322,253</u>	<u>\$ 593,820,224</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

	2024	2023
Interest expense on		
- Short-term debt	\$ -	\$ 6,485
- Long-term debt	190	2,337
Interest revenue	<u>(1,436,686)</u>	<u>(611,356)</u>
	<u>\$ (1,436,496)</u>	<u>\$ (602,534)</u>



The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2024

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 \$8,514,746 (2023 - \$11,364,084) and the accumulated depreciation was \$4,338,758 (2023 - \$5,158,198). Revenue generated from operating leases during the year is \$1,474,119 (2023 - \$1,464,063).

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 \$2,310,449 (2023 - \$2,209,822) 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:

	2024	2023
Savings before income taxes	\$ 24,760,826	\$ 26,711,304
Expected income tax expense at the combined tax rate of 27% (2023 - 27%) net of the general rate reduction	6,685,423	7,212,052
Increase (decrease) in income tax expense resulting from:		
Non-taxable income and non-deductible expense	77,718	(25,098)
Patronage allocation to members of \$14,252,539 (2023 - \$14,525,530)	(3,848,186)	(3,921,893)
Income or expenses claimed in different periods for income tax purposes:		
Capital cost allowance in excess of depreciation	(427,342)	(7,819)
Allowance for doubtful accounts	24,495	(33,949)
Other items that impact income taxes:		
Prior year tax adjustment	29,555	541
Income tax expense	<u>\$ 2,541,663</u>	<u>\$ 3,223,834</u>



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20. Subsequent events

(a) Patronage allocation to members

Subsequent to January 31, 2024 the Board of Directors approved a patronage allocation to members in the amount of \$14,252,539 (2023 - \$14,525,530).

(b) Share redemption

Subsequent to January 31, 2024 the Board of Directors approved a redemption of shares in the amount of \$6,783,000 (2023 - \$6,936,286).

(c) Sale of vacant rental property

Subsequent to January 31, 2024 the Co-operative sold the vacant rental property in Martensville in the amount of \$1,950,000.

(d) Vonda Co-operative Association Limited amalgamation

Immediately following the Co-operatives' year-end, 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 cooperatives, the consideration is deemed to be the amount of the acquiree's share capital at the acquisition date. As at the date of these financial statements the fair value of the assets and liabilities have not yet been determined. The following is a summary of the unaudited book value of the assets and liabilities for Vonda Co-operative Association Limited as at the date of the amalgamation.

Current assets	\$ 1,622,219
Other assets	1,662,858
Property, plant and equipment	298,110
Total assets	<u>\$ 3,583,187</u>
Current liabilities	\$ 326,601
Equity	3,256,586
Total liabilities and equity	<u>\$ 3,583,187</u>

21. Commitments

(a) The Co-operative is committed to the completion of Rosthern C-Store expansion including a liquor store. The estimated total cost of the project is \$4,100,000 of which \$28,136 has been set up as under construction and \$500,000 has been paid for acquiring a liquor license. This project will be financed from operations.

(b) The Co-operative is committed to a new liquor location in Stonebridge. The estimated total cost of the project is \$6,500,000 of which \$1,425,000 has been paid for acquiring a liquor license. This project will be financed from operations.

(c) The Co-operative is committed to upgrading the fuel dispensers at 11 gas bar locations. The estimated total cost of the project is \$1,852,400 net of FCL investment. This project will be financed from operations.



The Saskatoon Co-operative Association Limited

Notes to the Financial Statements For the Year Ended January 31, 2024

22. 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>

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, 2025	\$ 2,444,797
2026	2,452,540
2027	2,458,494
2028	2,464,626
2029	2,470,942

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





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